

Discount Store Census '81/'82

New Prototypes, Adjacencies, Presentations Evolve



Better gross margins, higher sales per square foot and increased gross margin dollar productivity are the goals of the upscale trend, particularly in apparel, as in Athens, Ga., Richway. (DSN photo)



Even more traditional Wal-Mart has entered the upscale apparel scene with this Doody-designed race-track/fashion approach in its still-experimental Moore, Okla., store. (DSN photo)

Major merchandising changes for some of the largest discount department store chains turned 1981 into a year of new prototypes, new adjacencies and new presentations.

K mart's continuing revamping of its aging stores continues apace after last year's start in New Jersey and Indianapolis.

Woolco has unveiled a new look for its stores that brings the chain's presentations into the 1980's with upscale apparel fixturing and race-track aisles.

T.G. & Y. is completing its new prototype, a complete redesign, that will open in four or five test stores next September; it's a bright, airy, modern and very much upscale approach for the traditional Oklahoma City-based chain.

Wal-Mart continued its experiments in new designs in its Victoria, Tex., store—at 90,000-plus sq. ft., bigger than most Wal-Marts.

Caldor opened some huge (140,000-sq.-ft.) bi-level stores in old Korvettes stores, and brought its upscale hard lines approach to a more fashion-oriented department-store style presentation—perhaps partly the result of that chain's acquisition by Associated Dry Goods this year.

As an overall trend, tradeup is still paramount in the discount stores, with that approach now coming in some new departments. Lifestyle furniture, for example, is getting more space, and tradeup merchandise in the form of glass and chrome KD, and CE departments in many chains are

attracting high-ticket, high-quality, brand-name home sound products.

The reasons for all the switching around? Greater productivity from each store, of course, and a higher percentage of high-margin soft lines business. But increased return on inventory investment, especially as measured by gross margin dollar production for each dollar of inventory investment, is the primary force behind many of the merchandising moves made in 1981.

K mart's remodels are expected to drive up the volume in its apparel departments and domestics departments (enlarged when fabrics were taken out). Its increased promotional efforts, especially in H&BA, are meant to produce higher turns in that category, and improve the GMROI.

Woolco's new prototype will boost apparel volume, improving its gross margin percentage.

T.G. & Y's new store—which will probably open with a new name—should get greater unit sales, higher average tickets, and more apparel sales for a threefold assault on higher gross margin dollar production.

Wal-Mart's merchandising moves, which have kept the chain in the three-per-cent-net-of-sales income range consistently for years, generated their higher gross margin dollars with high-ticket promotions, "million-dollar item" contests and by out-assorting K mart without getting excessively wide.

Discounters to Handle More of Own Goods

Goal: More Distribution Center Productivity

Tight inventory control is a must while interest costs remain so high, and better turns, with no other improvement, will improve the GMROI in every department.

Because of these pressures to improve turns and reduce inventory costs, discounters will be handling more of their own merchandise—20% more, according to recent DSN research—and looking for ways to improve the efficiency of existing distribution facilities.

Distribution now accounts for a median 7.2% of sales among discount department store chains, and real costs—in 1981 dollars—are expected to increase by 13% in the next five years. With numbers like that coming down the road, it's imperative that discounters cut distribution costs.

K mart, which until recently only handled approximately 25% of its goods through dis-

tribution centers, is bringing several centers around the country on line to boost that percentage. Woolco has already brought its total to 40%, from 25% a few years ago, and is aiming at 50% in a few more years.

The Census Counted on These Chains

Stores included in the statistical section of the census all meet DSN's definition of a discount department store; that is, they each have at least 10,000 sq. ft., both hard and soft goods departments, and an expense structure below that of a conventional department store.

Pamida is up to 60% from 74% a few years ago. The trend is clearly to more use of distribution centers, less goods direct or from wholesalers, and faster turns through DC's and warehouses.

Construction costs impact as severely on new distribution facilities as on new stores, and the trend is also away from new warehouse or distribution center construction to making the existing facilities more efficient.

Computerization, new hardware and new strategies have been adopted to achieve greater productivity from the existing distribution centers. Basics will always be warehoused, but some chains have shortened lead times—Roses, for example, which used to buy 12-15 week supplies of some merchandise to get a better price, is now buying just a six-eight week supply.



The acquisition deal of the year may be Wal-Mart's purchase of Kuhn's Big K: 100 stores for \$100 million, and only 10 or 15 of them won't be opened because of market conflicts or (small) size. (DSN photo)

Deal For Big K Reflects Wide Acquisition Trend

Hundreds of stores and more than a dozen discounters were involved in intraindustry deals that brought the demise of some old respected names in discounting—Ayr-Way, Big K and Barkers—as aggressively growing chains chose the less expensive route of acquisition rather than face the uncertainties of new construction.

The most astute deal in 1981 may be Wal-Mart's buy of the Big K operation, which should net it almost 100 stores at a total cost of approximately \$100 million. The Big K stores are in a couple of new markets, and in many complementary markets, with only a few so small they cannot be converted or so near an existing Wal-Mart that they cannot be opened.

The \$100 million total cost of the deal should net Wal-Mart—when the stores are up to Wal-Mart snuff—more than \$500 million in sales and \$15 million a

year in net income; that's a continuing payback on \$100 million (1981 dollars) that will get more and more attractive.

Target's buy of the Ayr-Way group filled a hole in the middle of Target's North Central-to-Deep South geography with more than 40 compatible stores with an established customer base. The Ayr-Way stores, especially the Indiana/Indianapolis group, will provide an advertising umbrella that will help cut ad costs for the chain as it expands east and south into Arkansas and Tennessee.

Both the King's/Barkers and Cook United/Rink's deals were particularly advantageous in the way the stores fit and the complementary merchandising presentations of each chain. Each deal also doubled the previous size of the acquiring firm, from the \$300 million-\$400 million level to the \$700 million level.



T.G. & Y., following industry trends, expects to move as much as 80% of its merchandise through its own warehouses and distribution centers (shown above), up from 65% now. (DSN photo)

The Top 100: Volume and Store-Number Projections

Rank	Chain (HQ State in Parentheses)	Sales Volume in Millions				No. of Stores				Total Sq. Ft. (Add 000)			
		Projected General Merchandise Sales, Current Fiscal Year (Including Leased Dept. Sales)	General Merchandise Sales, Previous Fiscal Year (Including Leased Dept. Sales)	Projected General Merchandise Sales, Current Fiscal Year (Not Including Leased Department Sales)	Net Earnings in Millions Previous Fiscal Year								
						1/81	6/81	12/81	To Be Added, 1982	1/81	6/81	12/81	To Be Added, 1982
1	K mart (Mich.)	\$16,255 (a)	\$14,246	\$15,537	\$261.0	1,885	2,000	2,055	100	110,300	116,600	120,000	5,500
2	Woolco (N.Y.)	3,419 (a)	3,108	3,282	122.0	454	461	467	15	36,600	37,090	37,510	1,050
3	Wal-Mart (Ark.)	2,200	1,698	1,165	55.7	330	344	480	70	15,500	16,200	19,000	3,800
4	Target (Minn.)	1,853	1,532	1,553	91.1 (b)	137	146	151	15	13,230	13,950	14,450	1,200
5	T.G. & Y. (Okla.)	1,675	1,373	1,675	—	511	528	538	28	17,314	17,924	19,027	2,125
6	Zayre (Mass.)	1,495	1,340	1,465	—	248	251	259	10	17,600	17,800	18,400	730
7	Gemco (Calif.)	1,491	1,263	1,402	41.7 (b)	83	85	89	6	9,210	9,430	9,870	660
8	King's (Mass.)	866	729	860	3.9	250	248	248	—	15,400	15,280	15,280	0
9	Hills (Mass.)	790	662	715	—	83	88	93	10	6,329	6,710	7,091	763
10	Caldor (Conn.)	787	667	787	21.2	62	66	74	10	5,400	5,800	6,600	900
11	Pay Less (Ore.)	780	707	780	—	144	143	145	12	4,320	4,210	4,350	360
12	Bradlees (Mass.)	742	663	711	—	89	89	91	6	6,140	6,140	6,300	480
13	Cook United (Ohio)	665	300	654	2.7	75	123	124	3	3,872	7,207	7,252	135
14	Two Guys (N.J.)	653	616	626	—	49	49	46	— (c)	6,500	6,500	6,245	0
15	Venture (Mo.)	623	561	623	11.9 (b)	45	45	45	—	5,334	5,334	5,334	0
16	Fred Meyer (Ore.)	605	506 (d)	605	—	66	66	68	4	5,900	5,900	6,100	400
17	FedMart (Calif.)	600	545 (e)	587	—	68	68	68	—	5,646	5,646	5,646	0
18	Alexander's (N.Y.)	546	520	546	—	16	16	16	—	3,855	3,855	3,855	0
19	Rose's (N.C.)	536	483	536	6.5	173	178	180	5	7,480	7,700	7,788	220
20	Murphy's Mart (Pa.)	509	463	447	9.5	103	104	105	4	4,775	4,845	5,205	240
21	Meijer's (Mich.)	457	415	457	—	29	33	33	3	4,457	4,913	4,913	450
22	Jefferson/Ward (Fla.)	448	400	430	—	46	51	51	— (f)	5,060	5,410	5,410	(f)
23	Fedco (Calif.)	408	361	371	—	7	7	7	—	900	900	900	0
24	Ames (Conn.)	405	338	375	8.7	104	106	110	10	4,920	5,004	5,172	420
25	Zody's (Calif.)	380	339	285	—	37	44	48	8	2,940	3,430	3,710	560
26	ShopKo (Wis.)	358	300	351	—	30	30	32	—	1,700	1,700	1,900	0
27	Gold Circle (Ohio)	345	391	345	—	42	42	35	—	4,993	4,993	4,293	0
28	Pamida (Neb.)	343	337	343	9.1	186	186	186	—	3,526	3,526	3,600	100
29	Times Square (N.Y.)	325	290	227	—	14	14	14	—	2,300	2,300	2,300	0
30	Jamesway (N.J.)	310	285	297	3.9	63	62	64	6	3,574	3,507	3,643	307
31	Howard Bros. (La.)	304	279	304	—	100	100	100	—	3,540	3,540	3,540	0
32	Heck's (W. Va.)	285	242	285	16.3 (b)	86	90	96	16	2,996	3,132	3,350	497
33	Richway (Ga.)	260	234	244	—	21	23	25	8	2,285	2,455	2,625	680
34	Grand Central (Utah)	257	235	257	—	32	32	32	—	2,330	2,330	2,330	0
35	S. E. Nichols (N.Y.)	231	210	222	—	43	42	43	—	4,000	3,910	4,000	0
36	ALCO (Kan.)	189	162	189	3.3	73	80	80	7	2,188	2,433	2,433	213
37	Fishers Big Wheel (Pa.)	180	158	160	—	65	67	74	10	3,500	3,575	3,825	350
38	Harts (Ohio)	178	135	178	—	18	22	23	1	1,227	1,500	1,570	—
39	J. W. Mays (N.Y.)	175	181	167	0.7	8	9	10	2	1,982	2,082	2,182	200
40	Bi-Mart (Ore.)	170	152	170	—	24	25	26	3	720	750	780	90
41	Ann & Hope (R.I.)	168	153	171	—	4	4	4	1	750	750	750	180
42	Clover (Pa.)	152	124	148	—	13	14	15	3	870	934	999	186
43	Danners (Ind.)	140	118	132	—	29	30	30	1	1,416	1,455	1,455	40
44	Magic Mart (Ark.)	129	103	116	—	49	49	49	—	1,400	1,400	1,400	0
45	Prange-Way (Wis.)	126	102	120	—	22	22	23	3	1,100	1,100	1,225	235
46	Glosser Bros. (Pa.)	120	117	110	—	20	20	21	—	1,380	1,380	1,440	0
47	Gaylords (N.J.)	120	120	120	0.5	44	41	41	—	2,000	1,850	1,850	0
48	Smitty's (Ariz.)	118	101	94	—	14	14	14	2	1,400	1,400	1,400	220
49	Quality Stores (Mich.)	114	100	114	—	24	25	25	—	750	750	750	0
50	Sky City (N.C.)	110	100	71	—	64	64	68	4	2,360	2,360	2,560	220
51	Value City (Ohio)	110	105	110	—	17	17	17	—	1,700	1,700	1,700	0
52	Swallen's (Ohio)	108	99	108	—	9	9	8	—	1,040	1,040	960	0
53	May's Family Centers (Ind.)	100	56	72	—	23	20	20	3	1,500	1,300	1,300	200
54	Rich's (Mass.)	100	90	95	—	12	12	12	1	740	740	740	60
55	Modell's (N.Y.)	93	85	12	—	6	6	6	—	750	750	750	0
56	Mr. Wiggs (Ohio)	90	80	90	—	17	17	17	—	875	875	875	0
57	Maloney's (Ky.)	84	59	83	—	16	35	37	10	260	500	525	200
58	David's (Kan.)	80	67	80	—	7	8	9	1	462	524	524	60
59	Twin Fair (N.Y.)	70	144	68	—	31	16	16 (g)	—	2,839	1,374	(i)	(i)
60	G.I. Joe's (Ore.)	60	58	60	—	7	7	7	1	427	427	427	60
61	Valley Fair (N.J.)	57	54	38	—	2	2	2	—	310	310	310	0
62	The Fair (Mass.)	57	50	50	—	6	6	6	—	535	535	535	0
63	Copps (Wis.)	51	46	47	—	12	12	12	—	720	720	720	0
64	Van Leunen's (Ohio)	49	41	43	—	5	6	6	—	420	450	450	—
65	Click (Ohio)	46	41	39	—	9	9	9	—	1,075	1,075	1,075	0
66	Monte Mart (Calif.)	45	42	37	—	3	3	3	—	213	213	213	0
67	Grandpa Pidgeon (Mo.)	45	40	45	—	5	5	5	—	315	31		

(a) Includes U.S. and Canadian K marts and Woolcos. (b) Operating income. (c) DSN's projection is based on no further contraction of the chain, but the sale of some Two Guys locations is likely before the end of the firm's fiscal year. (d) General merchandise sales only; Fred Meyer's total sales in the last completed fiscal year were \$972.8 million, of which 52% was nonfood. (e) DSN's projection is based on FedMart's last full fiscal year, which ended in August 1980, and on the first 12 weeks of a short fiscal year that ended in February 1981. The firm is now private, and releases none of its financial results. (f) Jefferson/Ward's 1982 plans were not set at presstime, as the chain ponders what course to take with its conversion of Ward stores to Jefferson/Ward. (g) At presstime, Twin Fair had announced its intention to sell its 16 remaining stores. DSN's projection is based on the assumption that the remaining stores will

stay open for the balance of the fiscal year. (h) Gibson results are reported this year for Gibson's owned stores only.

Projected sales figures are for general merchandise only, not including supermarket sales. Leased department sales are included in the first and second columns, deleted from the third. Some projections are DSN estimates. The methodology used by DSN to make these projections included a general merchandise inflation factor of 5.5%, allowances for

Discount Store Census '81/'82

Target to Enter Fray
Market-Share Brawl Shapes Up in San Antonio

SAN ANTONIO—Some major discounters and catalogers in this Sunbelt city are heading for market-share battles.

K mart and Woolco, which have been head-to-head for dominance of the discount department store market, will be joined next year by Target, as that chain spreads out of the Houston market.

Other chains in the market—FedMart with two stores and Shopper's World (six) are not likely to expand in an effort to counter the Target entry. FedMart is said to be considering closing its stores out of the southern California markets, and Shopper's World is an entrenched local chain with its own loyal following.

Target's upscale presentation and department-store ambience make it a logical alternative for San Antonio shoppers, who will have to pick between

the traditional discount chains—K mart and Woolco—and conventional department stores in town.

K mart and Woolco, however, each have remodels that could presumably be used in San Antonio to fight the Target image, and a three-way battle like the one being waged in Indianapolis (between Target, remodeled K marts and refurbished Zayres) could develop.

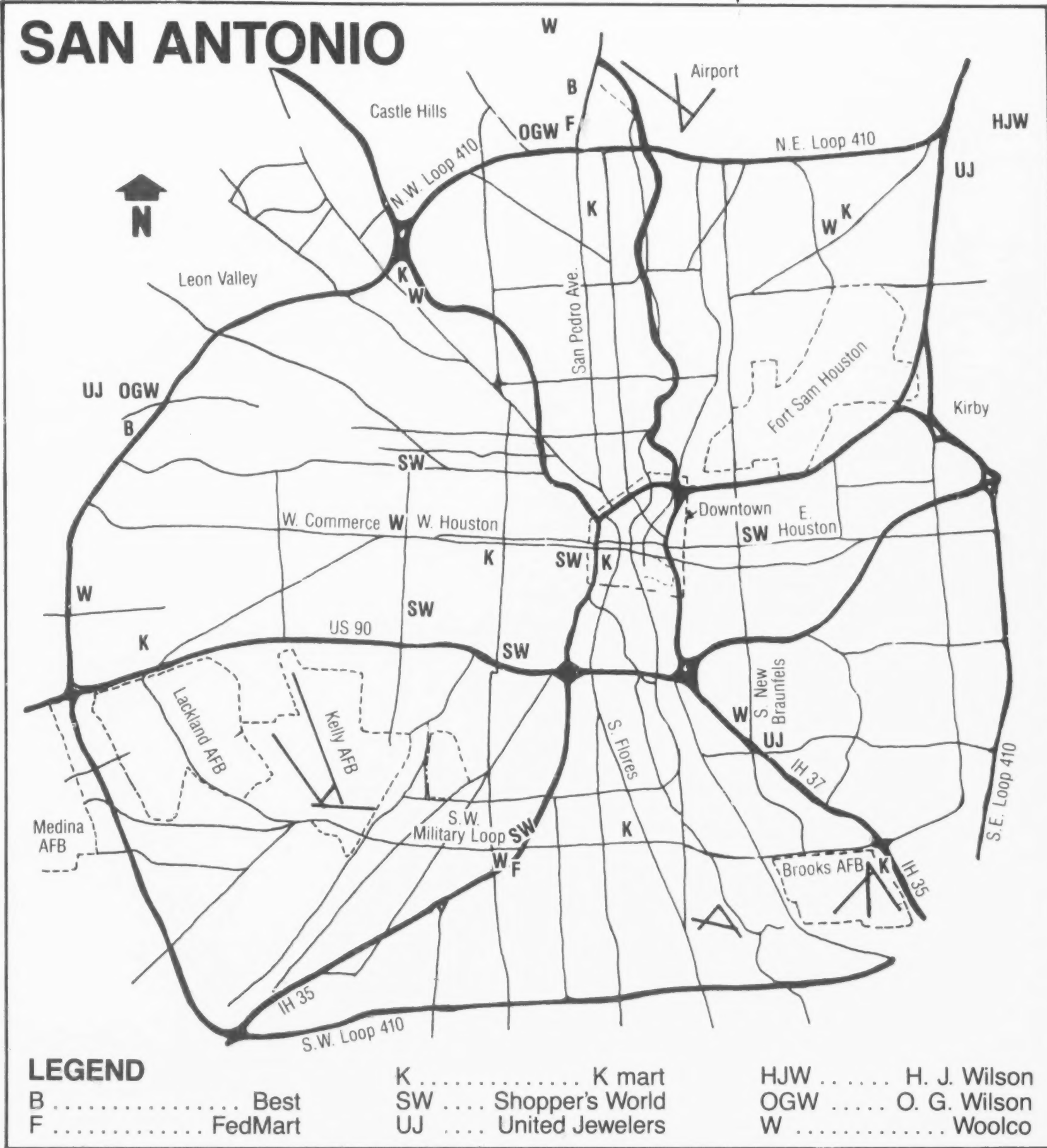
The transient population created by several nearby military bases results in an estimated annual population turnover of 25% here, making advertising critically important. But K mart and Woolco have both recently had declines in ROP space—K mart only about 1% to 33,991 column inches for the first six months of 1981, Woolco a whopping 23% to 46,313 inches. (FedMart, on the other hand, registered a gain of 126% in the same period, as it tried to buy market share.)

Catalogers can also expect a fight for market share between some big chains in San Antonio.

O. G. Wilson entered the market with a 35,000-sq.-ft. showroom about the same time as Best, but failed to follow suit when Best opened its second showroom about 2½ years ago. But O. G. Wilson, now on an expansion program, opened a 60,000-sq.-ft. showroom—an upscaled prototype—in late August, about a half mile from Best's second unit. O. G. Wilson is also now seeking a site for a new, larger showroom to replace its first, 35,000-sq.-ft. unit; and the chain wants it near its original location, which is also near the first Best store.

Competition will be further stirred up by the entry of another cataloger, H. J. Wilson, into northeast San Antonio next year.

Harwood Diamond House, another cataloger in the market, has closed some showrooms and reduced others from 30,000 sq. ft. to 3,000 sq. ft., cutting its assortments almost to exclusively jewelry. United Jewelers, another small cataloger in San Antonio, has three limited-assortment showrooms in shopping center locations, and has never been a strong factor in the market.



BEST

SHOPPER'S WORLD

Kmart

FedMart
America's Greatest General Store

wilson's

O.G. Wilson
JEWELERS/DISTRIBUTORS

Catalogers Give Discounters Sharp Price Competition

Item	K mart	Woolco	FedMart	Shopper's World	Best	O. G. Wilson	United Jewelers
Coleman 2 mantle Intrn #220	24.99	26.67	24.49	29.99	25.94	27.94	27.88
Coleman 2 mantle Intrn #275	34.97	27.27	29.87	NA	29.67	29.97	32.88
Coleman propane Intrn #5114	26.97	31.77	NA	NA	21.94	22.97	NA
Wilson tennis blis, cn of 3, yel	2.88	2.81	NA	2.99	2.44	2.37	2.49
Wilson Duke Football	NA	NA	NA	NA	15.94	18.97	19.99
Zebco #404 Spin Cast Reel	NA	9.27	7.99	NA	6.87	NA	NA
Wilson B1322 Basketball	NA	10.74	NA	NA	10.94	13.97	11.99
Kodak Colorburst #50	19.95	39.95	19.99	26.99	18.47	29.84	19.93 ^a
Kodak Colorburst #250	47.97 ^b	69.95 ^b	49.99 ^b	58.99 ^b	44.97 ^b	49.97 ^b	58.99 ^b
Kodak Colorburst #350	74.88	69.88 ^b	NA	69.99	NA	NA	64.96
Polaroid One Step	13.00	NA	24.99	NA	19.97	NA	24.88
Polaroid Time Zero One Step	35.87	29.88	26.88	NA	32.97	29.97	48.96
Sorry #390	NA	7.96	7.99	7.99	6.82	7.97	NA
Boggle #104	4.57	5.97	5.99	NA	5.92	6.97	7.99
Life #4000	6.87	8.97	8.99	9.99	7.92	7.47	9.99
Monopoly #9	7.44	6.96	6.99	7.99	5.92	6.97	6.86
Yahtzee E0950	3.96	3.97	2.99	NA	2.94	3.47	3.99
Golden Dream Barbie	NA	10.97	7.99	9.49	6.97	6.97	9.99
Rubbermaid Dishpan #2951	2.93	2.99	2.00	NA	NA	NA	NA
Norelco Coffee Filters/100	NA	1.77	NA	1.29	0.84	0.89	0.94
Corning P-104 Teapot/6 cup	13.56	14.97	10.99	NA	10.74	10.97	13.96
Norelco 10-cup #5160	NA	28.37	19.94	NA	NA	25.88	24.78
Ham Beach 7-spd blndr #722	NA	21.97	NA	23.99	NA	18.97	19.88
Corelle 20-pc Indian summer	43.97	NA	37.99	NA	38.92	44.87	44.88
GE Food Proc FP1/4200	44.94	49.88	44.99	49.99	44.90	45.86	49.88
Mr. Coffee MCS201A	29.87 ^d	39.97	NA	NA	33.82	34.97	NA
Rival Can Opener #782/Mq	NA	NA	11.47	NA	12.47	NA	15.39
Water Pik Shwr Msgr Wll Mnt	17.97	20.99	15.87	22.49	15.74	15.97	18.88
Conair Pro Style Dryer #1250	17.94 ^c	22.88	17.49	NA	17.70	18.97	19.96
Powerlok Tape 12 ft x 1/2 in	7.77	NA	6.89	NA	5.97	5.67	NA
B&D 3/8 in VSR Drill #7127	24.97	27.99	22.99	NA	19.97	21.47	NA
Stanley Saw 26 in/8 pt #15-355	7.17	7.27	NA	NA	NA	4.77	NA
Elmer's Glue 8 oz	1.44	1.67	0.79	NA	NA	NA	NA
WD 40 9 oz	NA	1.97	NA	NA	1.87	NA	1.99
Ammorall 8 oz	1.69	3.27	NA	3.29	2.44	NA	3.29
Champion J12Y Sparkplugs	7.12	8.56	8.69	7.92	NA	NA	NA
Pennzoil 30	0.90	1.06	0.99	1.09	NA	NA	NA
Rain Dance paste	5.97	4.99	4.99	6.39	NA	NA	NA

FedMart Sets Price Pace in H&BA

H&BA items	K mart	Woolco	FedMart	Shopper's World
Listerine 18 oz.	\$1.66	\$2.08	NA	NA
Listerine 24 oz.	2.27	2.61	NA	\$2.19
Listerine 32 oz.	2.34	2.46	\$2.47	NA
Listerine 48 oz.	2.97	NA	NA	NA
Oil of Olay 4 oz.	NA	4.24	3.29	4.39
Oil of Olay 6 oz.	3.97	4.57	3.99	5.89
Oil of Olay 2 oz. creme	3.97	NA	3.87	4.89
Crest 6.4 oz.	1.25	1.09	1.25	1.59
Vaseline Int. Care 10 oz.	1.94	1.53	NA	NA
Right Guard 10 oz. Aero	1.97	2.97	2.27	2.99
Contact/20 capsule	2.84	NA	2.39	NA
Noxzema 10 oz. creme	1.53	2.56	1.89	NA
J&J No More Tears 11 oz.	2.58	3.12	2.17	2.99
Cover Girl Liquid 1 oz.	2.33	2.75	2.09	2.49
Anacin 200 (yellow box)	3.66	3.77	1.79	NA
Anacin 50 (yellow box)	1.31	1.99	NA	NA

NA—Not available.

In comparison of five H&BA items found to be common among these four discounters in San Antonio, FedMart was the price leader at \$11.77. K mart followed at \$12.10, while Woolco (\$14.50) and Shopper's World (\$15.95) trailed. K mart had the most selection—15 of the 17 items—while Woolco (13) and FedMart (12) came close. Shopper's World had only 8 of the 17 items.

(Source: DSN research)

The San Antonio marketbasket, compiled late last month, shows that the catalogers, particularly Best, are giving the discounters a run for their money.

(Source: DSN Research)

Discount Store Census '81/'82

Openings Led by 40,000-49,000-Sq.-Ft. Stores

SQUARE FOOTAGE	Projected 12/31/81		As of 12/31/80		% Change in No. Stores 1981 vs. 1980
	No. of Stores	% of Total	No. of Stores	% of Total	
10,000 to 19,999	634	7.8	626	8.1	+ 1.3
20,000 to 29,999	552	6.8	529	6.8	+ 4.3
30,000 to 39,999	689	8.4	639	8.3	+ 7.8
40,000 to 49,999	985	12.1	898	11.6	+ 9.7
50,000 to 59,999	766	9.4	721	9.3	+ 6.2
60,000 to 69,999	884	10.8	819	10.6	+ 7.9
70,000 to 79,999	605	7.4	558	7.2	+ 8.4
80,000 to 89,999	885	10.8	827	10.7	+ 7.0
90,000 to 99,999	316	3.9	271	3.5	+ 16.7
100,000 to 119,999	1,340	16.4	1,343	17.4	- 0.2
120,000 to 139,999	178	2.2	175	2.3	+ 1.7
140,000 to 149,999	61	0.7	59	0.8	+ 3.4
150,000 to 199,999	187	2.3	189	2.4	- 1.1
200,000 and larger	82	1.0	82	1.1	NC
TOTAL	8,164	100.0	7,736	100.0	+ 5.5

Source: DSN research. NC = No Change

“It’s a strong, consistent
seller. In only one year
Shell Fire & Ice® Motor Oil
has moved up to be my
second strongest selling
motor oil.

That’s the kind of action
I like.”

Bob Wills
Automotive Buyer, Maloney’s



Buyers: Find out what Shell Fire & Ice Motor Oil can do for you. Call the sales specialist nearest you.

Los Angeles . . Dave Gillespie . . (714) 991-9200
St. Louis Jerry Childs . . . (314) 291-5700
Chicago Tom Walsh . . . (312) 887-5775
Detroit Rick Devaney . . (313) 855-9000
Cleveland Bill Krejci (216) 842-4000
Atlanta Dave McHenry . (404) 955-4720
New York . . . Steve Jones . . . (203) 327-3600

Discounters are holding to their commitment to build smaller stores in the 1980's in an effort to keep a lid on operating costs.

During the last year more 40,000-49,000-sq.-ft. stores were opened—87—than were opened in any other size group. New stores in the 60,000-65,000-sq.-ft. range ranked second in number of units opened.

In fact, 44% of the industry's 8,164 stores to be in operation by year's end will be smaller than 60,000 sq. ft.

The giant 100,00-119,000-sq.-ft. stores—most of which were built before 1975—account for 16% of the industry's stores, and are steadily losing ground. With The Treasury and Korvettes gone out of business, there was a net loss in that size bracket—despite the fact that some of those units were taken over by other discounters. In addition, chains like Woolco are pulling in the sales floor boundaries of their 100,000-plus-sq.-ft. units and leasing the excess back to the landlord or subletting to their specialty apparel divisions. In Woolco's case, J. Brannam apparel stores have been opening in the pared space.

K mart continues to open stores with its Group 9 designation—in the 50,000-59,000-sq.-ft. range—and Caldor and Zayre, chains founded with 100,000-sq.-ft. stores, have lately preferred units under 80,000 sq. ft. However, two Korvettes takeovers by Caldor and one Community takeover by Zayre indicate that when the timing is right so is a 90,000-100,000-sq.-ft. store.

Wal-Mart, too, is committed to growth on the limited-sales floor plan with new stores in the 45,000-sq.-ft. area and acquisitions—the Big K stores—of a comparable size. (The acquisitions are not a net gain for the industry; the stores were already in operation and therefore accounted for on the size chart.)

Thus, of the industry leaders, only Gemco/Memco, Target and Fred Meyer remain proponents of building new stores 90,000 sq. ft. and larger. (On a sheer percentage-gain basis, this size bracket experienced the greatest increase—16.7%—but only 45 new stores will have been added to this bracket by year's end.)

Top Metro Markets' Store Growth Slows to 2.5%

RANK	METRO MARKETS	^b Proj. No. of Stores Dec. '81	No. of Stores Dec. '80	^b Proj. Sq. Footage (add 000)	^a Proj. \$ Discount Store Sales (add 000)	^c Population (add 000)	Density (Sq. Ft. Per person)	^c No. of Households (add 000)	Effective Buying Income Per Household
1	New York	95	95	6,711	\$ 775,657	9,078	0.74	3,512,000	\$23,393
2	Los Angeles	131	126	9,241	1,068,653	7,512	1.23	2,754,000	24,782
3	Chicago	182	182	12,854	1,485,665	7,118	1.81	2,514,000	26,936
4	Philadelphia	112	112	7,910	914,238	4,710	1.68	1,653,000	24,739
5	Detroit	70	75	5,000	577,900	4,345	1.15	1,523,000	26,825
6	Boston	110	106	7,385	899,790	3,659	2.13	1,310,000	24,919
7	San Francisco	59	55	4,160	480,813	3,267	1.27	1,299,000	29,568
8	District of Columbia	46	46	3,247	375,288	3,071	1.06	1,129,000	29,659
9	Dallas-Fort Worth	89	81	6,276	725,380	3,024	2.08	1,105,000	25,706
10	Houston	74	69	5,224	603,790	2,977	1.75	1,604,000	27,253
11	Nassau-Suffolk, N.Y.	56	56	3,986	460,702	2,612	1.53	819,000	31,484
12	St. Louis	50	49	3,530	407,997	2,358	1.50	848,000	23,518
13	Pittsburgh	71	71	5,013	579,403	2,254	2.22	834,000	22,116
14	Baltimore	38	38	2,863	310,101	2,181	1.23	768,000	21,796
15	Minneapolis-St. Paul	38	38	2,683	310,042	2,128	1.26	778,000	25,145
16	Atlanta	29	26	2,047	236,592	2,064	0.99	741,000	23,381
17	Anaheim	63	59	4,415	513,753	1,972	2.25	709,000	28,343
18	Newark	41	41	2,895	334,604	1,959	1.48	680,000	28,983
19	San Diego	42	42	2,966	342,810	1,905	1.56	693,000	22,548
20	Cleveland	48	50	3,391	391,932	1,889	1.80	699,000	24,475
21	Miami	40	39	2,823	326,282	1,719	1.64	637,000	21,656
22	Denver	30	28	2,118	244,798	1,649	1.28	628,000	24,323
23	Seattle	41	40	2,896	334,719	1,622	1.79	631,000	23,899
24	Tampa-St. Petersburg	37	35	2,886	332,986	1,605	1.80	659,000	17,491
25	Riverside-San Bernardino	31	29	2,189	253,005	1,593	1.37	568,000	21,397
26	Phoenix	37	33	2,611	301,779	1,560	1.67	570,000	21,465
27	Cincinnati	56	56	3,961	457,812	1,403	2.82	505,000	22,893
28	Milwaukee	50	52	3,542	409,384	1,399	2.53	508,000	24,176
29	Kansas City	41	40	2,895	334,604	1,333	2.17	501,000	25,237
30	San Jose	41	40	2,925	338,072	1,314	2.23	471,000	31,740
31	Portland	34	33	2,451	283,287	1,263	1.94	490,000	20,569
32	Buffalo	38	42	2,681	310,448	1,233	2.18	447,000	21,837
33	New Orleans	53	51	3,740	432,269	1,199	3.11	428,000	23,139
34	Indianapolis	26	26	1,835	212,089	1,171	1.57	425,000	23,145
35	Columbus, Ohio	49	49	3,460	399,907	1,099	3.15	404,000	22,697
36	San Antonio	55	50	3,880	448,450	1,087	3.57	358,000	22,009
37	Hartford	27	27	1,906	220,295	1,051	1.81	376,000	25,957
38	Fort Lauderdale	36	36	2,543	293,919	1,043	2.44	432,000	21,944
39	Sacramento	22	20	1,553	179,495	1,031	1.51	396,000	23,749
40	Rochester, N.Y.	24	26	1,696	196,024	972	1.75	346,000	25,553
41	Salt Lake City	29	29	2,056	237,632	957	2.15	306,000	21,329
42	Memphis	28	23	1,974	228,155	920	2.15	318,000	21,567
43	Louisville	31	30	2,199	254,160	909	2.42	329,000	22,184
44	Providence	27	26	1,906	220,253	868	2.20	315,000	21,684
45	Nashville	51	48	3,609	417,128	862	4.19	309,000	21,724
46	Birmingham	40	38	2,823	326,282	853	3.31	309,000	20,401
47	Oklahoma City	27	26	1,895	219,024	844	2.25	319,000	24,692
48	Greensboro	26	25	1,730	199,953	834	2.07	305,000	20,946
49	Dayton, Ohio	25	25	1,785	206,310	829	2.15	303,000	22,902
50	Norfolk	28	26	1,977	228,502	814	2.43	271,000	21,031

^aSales are projected for total sq. ft., including connected supermarkets, expected to be in operation at the end of the calendar year, using industry average sales-per-square-foot figures.

^bDSN estimates.

^cFrom the 1981 Sales & Marketing Management survey of buying power.

Southeast Continues to Lead in Store Population Count

Region	Proj. No. Disc. Stores Dec. '81	No. Disc. Stores Dec. '80	No. Disc. Stores Dec. '79	% Gain 1981	Proj. Sq. Footage Dec. '81 (add 000)	Sq. Ft. Dec. '80 (add 000)	Sq. Ft. Dec. '79 (Add 000)	% Gain 1981
SOUTHEAST Ala., Fla., Ga., Ky., Miss., N.C., S.C., Tenn., Va., W. Va.	1,740	1,595	1,437	9.1	117,841	107,680	96,517	9.4
EAST CENTRAL Ill., Ind., Mich., Ohio, Wis.	1,593	1,541	1,485	3.4	117,586	113,918	110,198	3.2
MIDDLE ATLANTIC D.C., Del., Md., N.J., N.Y., Pa.	1,249	1,216	1,182	2.7	99,757	97,361	95,047	2.5
SOUTHWEST Ariz., Ark., La., N.M., Okla., Tex.	1,242	1,143	1,034	8.7	76,651	69,664	63,471	10.0
WEST CENTRAL Iowa, Kan., Minn., Mo., Neb., S.D., N.D.	770	723	678	6.5	52,443	49,132	45,966	6.7
PACIFIC Alaska, Calif., Hawaii, Ore., Wash.	707	687	658	2.9	52,856	51,446	49,400	2.7
NEW ENGLAND Conn., Me., Mass., N.H., R.I., Vt.	622	602	575	3.3	42,215	40,804	38,904	3.5
MOUNTAIN Colo., Idaho, Mont., Nev., Utah, Wyo.	241	229	217	5.2	15,507	14,661	13,819	5.8

We show you the newest ideas in product. Here's the newest idea in packaging.

It's called Daiwa's "Custom Pre-pack." And the idea works like this:

If you want to order certain rods and reels in combo, we'll



put them together, package, and deliver them just the way you want to display them.*

All you do is take the perfectly matched rod and reel out of the box

and it's ready to sell. And selling rods and reels that match makes for happy customers.

Daiwa's Custom Pre-pack doesn't cost you anything extra. It's just an extra service that benefits both of us.

Because if we can save you some time in the back room, you'll have more time to spend selling our new ideas.



For the second year in a row, the Southeastern States led the industry with the highest concentration of discount stores: 1,740.

Until last year, the East Central States—Illinois, Indiana, Michigan, Ohio and Wisconsin—had held the lead. But these states, in addition to being hurt by layoffs in the automobile and steel industries, are also close to being over-stored. Thus, except for the filling in of a market here and there, discounters have preferred to focus their attention on the warm weather markets of the Sunbelt.

This Year's Schedule

Unit growth in the Southeast—145 stores or 9.1% ahead of last year—was nearly matched by growth in the Southwestern States, with discounters adding 99 more stores in that six-state region since last year.

Unit gain in the East Central region has been slipping steadily for the past three years: In 1979, 87 new units opened; in 1980, that number had dwindled to 56, and this year 52 new stores opened in the five-state region.

Fewer Units

Elsewhere in the country, the gains were smaller.

Thirty-three new stores went up in the Middle Atlantic States, including new stores by Jamesway, Murphy's Mart and Roses, giving the area a unit count of 1,249.

In New England, discounters opened 20 new stores during the last year to give them 602 units.

More Stores

On the West Coast, the Mountain States—Colorado, Idaho, Montana, Nevada, Utah and Wyoming—netted an additional 12 states—while the Pacific States netted 20 new stores, thanks to construction by Fred Meyer, Gemco/Memco and Payless.

In the Snowbelt, new-unit gains also picked up this year, with 47 new stores opened as compared to 45 in 1980. Total store count for the seven states—Iowa, Kansas, Minnesota, Missouri, Nebraska, South Dakota and North Dakota—will be 723 by the end of this year.

*Quantity restrictions apply to some combos. Check with your Daiwa sales representative. For more information and a free catalog, send a post card to Daiwa Corporation, Dept. CD-80, 14011 S. Normandie Ave., Gardena, Ca. 90249.

Discount Store Census '81/'82

Discountland: 20-Year Record of Sales, Store Growth

YEAR	TOTAL SALES IN BILLIONS	TOTAL STORES	NET GAIN OF STORES	TOTAL SQ. FT. IN MILLIONS	DOLLARS PER SQ. FT.	AVG. SALES PER STORE IN MILLIONS	AVG. STORE SIZE IN THOUSANDS OF SQ. FT.
1981	\$66.60	8,164	428	576	\$115.58	\$8.15	70.58
1980	60.50	7,736	470	546	110.79	7.82	70.60
1979	55.00	7,266	375	513	107.15	7.57	70.60
1978	50.00	6,891	353	490	101.95	7.26	71.11
1977	47.00	6,538	396	468	100.00	7.19	71.58
1976	44.00	6,142	606	442	99.00	7.16	71.96
1975	38.00	5,536	126	399	95.00	6.86	72.07
1974 (a)	34.40	5,410	448	389	88.00	6.40	71.90
1973	31.50	4,962	248	350	88.32	6.27	70.54
1972	28.15	4,720	376	344	81.83	5.96	72.88
1971	25.60	4,344	333	306	83.66	5.89	70.44
1970	22.50	4,011	398	276	81.52	5.61	68.81
1969	18.44	3,613	306	244	75.57	5.10	67.53
1968	16.35	3,307	302	222	73.64	4.94	67.13
1967	13.61	3,005	321	199	68.39	4.53	66.22
1966	11.51	2,684	236	171	67.30	4.29	63.71
1965	9.82	2,448	219	151	65.00	4.01	61.68
1964	8.46	2,229	60	136	62.20	3.79	61.01
1963	7.51	2,169	144	122	61.55	3.46	56.25
1962	6.00	2,025	—	107	56.00	2.96	52.84

(a) Reflects 18-month period ended Dec. 31, 1974.

(Source: DSN Research)

The common household shears aren't common anymore.

The beautifully styled Century line gives the common shears a proud new appearance and improved performance. Their sleek stainless steel blades and amber acrylic handles will build impulse sales the year round.

They're practical, too. Blades retain their keen edges through long hard use — cut cleanly

right to the tip through all clothing fabrics, paper, cardboard and many other materials. The contoured handles are more comfortable to hold... fit fingers better for more cutting control.

Attractively carded and priced to sell individually at the counter, or bulk-packed for volume sales. Call your distributor or write us.



Counter merchandiser takes less than 1 sq. ft. of space. Holds 6 each of the complete Century line. Builds impulse sales and profits.

Century
Acme United Corporation
Bridgeport, Connecticut 06609



Made in America by the world's largest manufacturer of scissors and shears.

Discount Store News®

STUART J. HORTON Publication Director
DOUGLAS W. STINSON Editor
Iris Rosenberg Managing Editor
Robert N. Strauss Executive Editor
Arthur Markowitz Senior Editor
Frank Cavaliere Field Editor
Betty J. Taylor Field Editor
Linda Mansfield Desk Editor
Julie McFadden Editorial Assistant
FRED J. FILER National Sales Manager
Sidney Hybert Midwestern Adv. Manager
Jim Heath Western Adv. Manager
Bryant Jamerson Production Manager
Andrew DeSarie Classified Advertising Manager
WASHINGTON BUREAU
Kenneth Rankin, Mgr.
John S. Friedman
WEST COAST BUREAU
Susan Warner, Mgr.
Lou Karney
James Storey

DSN Board of Advisors
Carl Bennett Pres., Caldor
Manfred Brecker Pres., Nichols
C. Clayton Burkstrand Pres., Pamida
Ray Darnall Pres., Heck's
Harold Frank Pres., Bradlees
David Godfrey VP, GMM, Harts
Peter Hayes GMM, Hills
Richard Hersh Pres., NMRI
Marshall Hess Pres., Fishers Big Wheel
Murray Klein Pres., Aid Auto Stores
Arlie Lazarus Pres., Jamesway
Norman Matthews Pres., Gold Circle
William Reilly VP, W. R. Grace (Herman's)
Sid Rubin Pres., Circus World
Edward Solomon Pres., Hartfield-Zodys
Ray Zimmerman Pres., Service Merchandise

Published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, N.Y. 10022
212-371-9400
Cable Address: LEBHAFRIED
Publisher of Discount Store News, Nation's Restaurant News, National Home Center News, Drug Store News, Chain Store Age Executive (with Shopping Center Age), Chain Store Age General Merchandise Edition, Chain Store Age Supermarkets. Affiliates: Business Guides Inc. (Directories); Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

Arnold D. Friedman
Founder (1900-1981)
J. Roger Friedman President
Richard D. Groberg VP/Group Pub. Director
C. Reese Musgrave VP/Sales
Michael A. Chamberlin VP/Human Resources
Walter J. Schruntek Jr. VP/Editorial
James Granato VP/Finance
Barry Braverman VP/Publication Services
Joseph J. Perrone VP/Circulation
Jay Forbes Group Executive
Stan Kaufman Production Director
Sheppard E. Raskind Research Director

REGIONAL OFFICES
NEW ENGLAND, 1 Gateway Center, Newton, Mass. 02158
Robert T. Perry, VP/District Manager 617-527-6394
MIDWEST, 444 N. Michigan Ave. Chicago, Ill. 60611
James deGraffenreid, District Manager 312-644-8688
WEST, 606 N. Larchmont Blvd. Los Angeles, Calif. 90004
John J. Hoffman, VP/District Manager 213-464-8321
FAR EAST, Diamond-Friedman Ltd.
Chain Store Age News Japan
1-4-2 Kasumigaseki, Chiyoda-Ku Tokyo, Japan 504-6750

Subscriptions
Having a problem with your subscription? Send us full details, including the mailing label from the last copy you received, along with your telephone number. We'll do everything possible to solve the problem at once. Write to Circulation Fulfillment Director, Discount Store News, 99 Park Ave., New York, N.Y. 10016.

Permissions
Materials in this publication may not be reproduced in any form without written permission. Requests for permission should be directed to Walter Schruntek, VP/Editorial, Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022.

Discount Store Census '81/'82

Department Takeover Continues to Gain

MAJOR DEPARTMENTS	% OPERATED BY STORE	% LEASED
HOUSEWARES	96	4
LADIES'	96	4
MEN'S-BOYS'	94	6
INFANTS'-CHILDREN'S	88	12
SPORTING GOODS	96	4
HARDWARE	95	5
TOYS	97	3
DRUGS	96	4
LINENS-DOMESTICS	94	6
JEWELRY	80	20
SHOES	61	39
GARDEN-PATIO	94	6
RECORDS	93	7
CAMERA	92	8
AUTO ACCESSORIES	94	6
STATIONERY	96	4
TBA	81	19
PAINT	92	8

Source: DSN Research



Shoes is one of the last departments where lessees are still a major factor, operating 43% of discount shoe departments, as shown in Cook's, N. Syracuse, N.Y. (DSN photo)

**DORCY'S CUSTOM
PRODUCT SELECTION
GIVES YOU THE BEST
MIX FOR A BIGGER
BITE OF THE
BICYCLE ACCESSORY
PROFITS.**

There are 216 bicycle accessories in the Dorcy line. But they're not all pedigreed to sell in equal volume in every store. In fact, the top 40 of them account for 75 percent of the business when integrated in a Dorcy custom Plan-O-Gram.

The mix depends on your store set-up and where you are. What sells best in New York doesn't necessarily sell best in San Francisco.

We've been in the business for 25 years. And our people know exactly how to develop the Plan-O-Gram that best fits the potential of each store in your chain.

Bicycle accessories can make a substantial contribution to your sporting goods or toy department profits. Just how substantial depends on how effectively you select and display the line. That's why we suggest you call your Dorcy representative or write Ted Davis, President, 3985 Groves Road, Columbus, Ohio 43227. Phone 800-848-9090. In Ohio, call collect (614) 861-5830.

DORCY

Lessees continued to be important factors in jewelry, shoes, and TBA (tires, batteries and accessories) departments during the last year, but everywhere else in their stores discounters went on reclaiming the operation of their departments.

In 14 of the 18 major departments generally found in discount stores, discounters now control more than 90% of the departments. The exceptions: infants' wear, shoes, jewelry and TBA departments.

Renewed Efforts

But, discounters have been steadily chipping away at lessees' hold on TBA departments. In the past three years, discounters have increased their control over these labor-intensive areas by 10 percentage points so that today they operate 81% of the departments.

Only a few short years ago discounters viewed the business—which is a boon to store traffic—as too specialized to be handled by headquarters. With today's economy and resultant profit squeeze, however, discounters are taking control—with little interruption of service.

Stronger Impact

The most sizable reclamation gains in the last year were made in the men's and boys' wear department. Discounters now operate 94% of those departments, as compared to 89% a year ago.

In infants' wear, discounters increased their operational control over the broad-margined department by two percentage points, giving them control of 88% of the departments.

Tracor to Get Twin Fair's Aerospace Arm

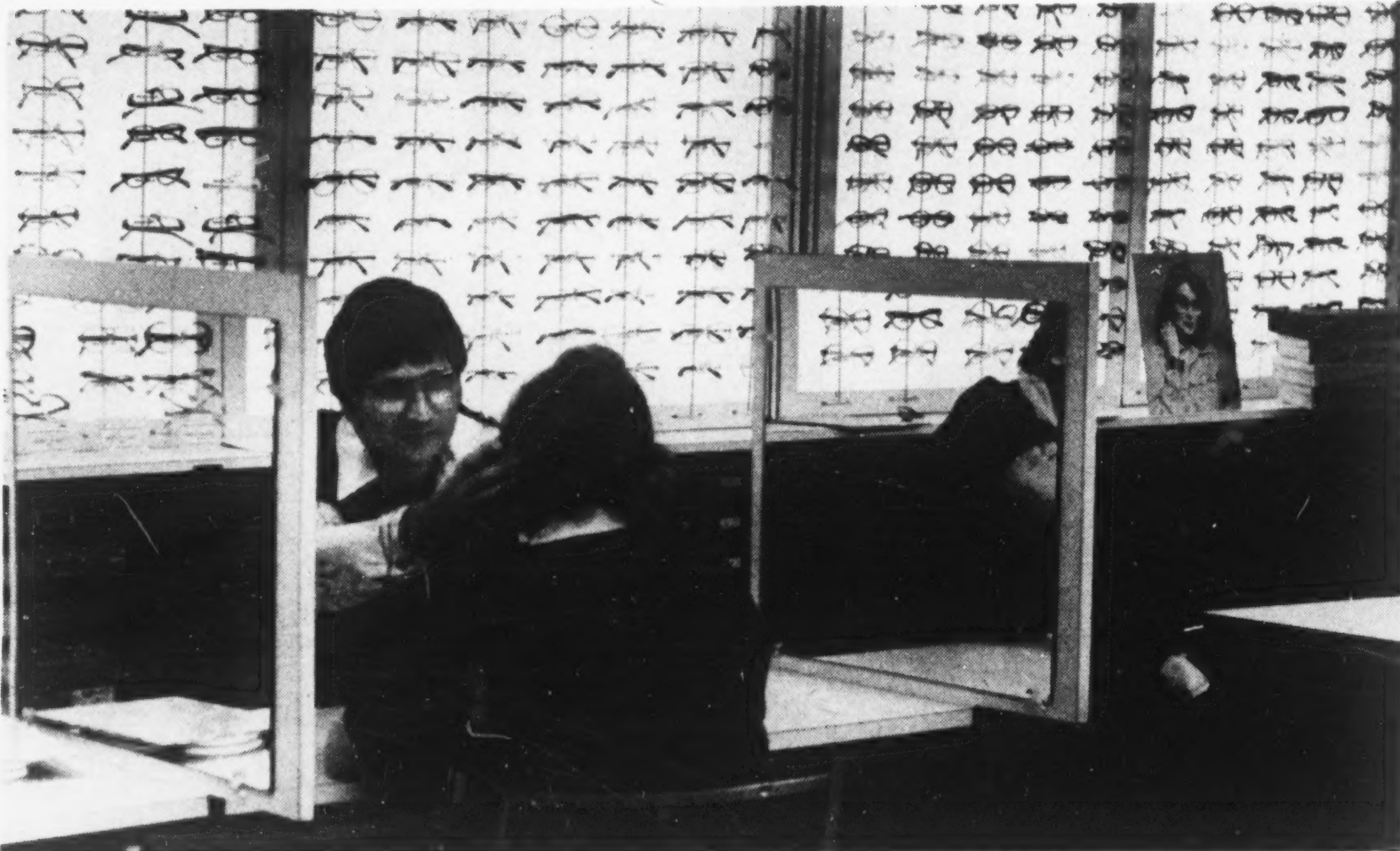
BUFFALO—Twin Fair has executed a definitive contract with Tracor, under which Tracor will acquire Aero Spacelines, a subsidiary of Twin Fair. The acquisition price was \$9 million in cash.

Twin Fair's chairman, Harold A. Egan Jr., said that the sale will result in a gain for the company. Last year, aerospace operations were responsible for \$19 million of Twin Fair's \$249 million in total sales.

The sale of Aero Spacelines leaves Twin Fair with 16 discount and six department stores, which are also reportedly for sale, DSN learned at presstime.

Discount Store Census '81/'82

Legal, Medical, Dental Clinics Sprout



Optometry departments won more floor space in discount stores during the last year with 34% of the industry's chains—13% more than a year earlier—installing the specialty departments in their stores.

Legal, medical and dental clinics are the new kids on the specialty department block.

Like their predecessors—pharmacies, optical departments, and TBA (tire, battery and auto accessories) shops—medical, dental and legal clinics are opening under discount store roofs, installed by the chains to help build traffic.

In the past few years, the number of discounters adding the clinics—with their priced-right services—has grown until today roughly 6% of the industry has medical and/or dental clinics operating in their stores. Five per cent of the industry have rented space out to legal clinics, who are also offering shoppers no-frill services.

On the East Coast, for example, Jamesway and Times Square Stores lease out store space to dental centers (TSS also has an in-store legal clinic which buys extensive radio time in the Greater New York City market) and on the West Coast Fred Meyer does the same.

Other chains, including K mart, are investigating the clinics' feasibility.

In the last year, optometry departments have also gained a stronger foothold in discount chains, with 34% of the industry's chains putting the department on their sales floors, up from 30% a year ago. More than three-quarters of the departments in operation today are run by the chains themselves. (In medical, dental and legal clinics, the lessees generally operate the clinics and pay the chains a rental fee.)

Pharmacies remain a key discounter specialty/service area represented in 40% of the chains in the industry. But, at least one chain, Target, found that the departments did not add to its traffic count and closed out the pharmacies in all but its Minneapolis stores.

Gift shops also increased their presence in discount stores, by 15% in the last year, and are now found in almost 60% of the industry's chains. This growth is further evidence of discounter determination to increase their one-stop shopping capabilities and to strengthen their fashion image in the marketplace.

On the down side, discounters began shying away from supermarkets and floor coverings departments. Thirty-one per cent of the chains have supermarkets under roof, compared to 33% a year ago.

SPECIALTY DEPARTMENTS OR SECTIONS IN DEPARTMENTS	% OF CHAINS WITH THESE DEPTS.	% OPERATED BY STORE	% LEASED
TBA	37.7	80	20
APPLIANCES-TV	98.5	87	13
LUGGAGE	92.1	98	2
SNACK BAR	56.1	72	28
FURNITURE	69.5	98	2
CANDY	77.1	98	2
SUPERMARKET (a)	31.1	38	62
FLOOR COVERINGS	54.1	98	2
TOBACCO SHOP	69.8	96	4
GIFTS	57.5	99	1
PET	47.5	93	7
PHARMACY	39.9	84	16
LIQUOR	8.9	91	9
OPTOMETRIST	34.1	77	23
BEAUTY SALON	22.4	3	97
LEGAL CLINIC	5.1	—	100
MEDICAL/DENTAL CLINIC	6.4	—	100

(a) Includes only same-roof departments. Also includes some 4,000-sq.-ft. to 10,000-sq.-ft. departments.

Source: DSN Research

SAVE A FEW THOUSAND DOLLARS WITH GE's FREE LIGHTING ENERGY AUDIT.

General Electric Watt-Miser® II fluorescents and other GE energy-efficient light bulbs saved a bank in Maryland \$2,000 a year, saved JCPenney \$19,000 a year in one store and saved Sloan's \$24 a fixture in its 41 supermarkets, or nearly a half a million dollars a year.

Many other GE customers are saving thousands of dollars just by replacing the standard lighting products in their existing fixtures. That's why lighting energy savings

offer one of the *quickest paybacks* of any energy saving you can make, with no capital investment.

Maybe GE can save you lots of money too. All you have to do is cut out the form below, fill it out and mail it to us.

When you do, you'll receive a *personalized* computer-generated analysis of potential savings and other benefits when using GE energy-efficient lamps.

WE BRING
GOOD THINGS
TO LIFE.



GENERAL  ELECTRIC

C-150C

SEE WHAT YOU CAN SAVE WITH GE's FREE LIGHTING ENERGY AUDIT.

Fill out this form and mail to General Electric Company,
Lighting Energy Audit, Department DS-2, Nela Park, Cleveland, Ohio 44112.

	Now in use	Total Number	Lighting hours per week		Now in use	Total Number
Standard Fluorescents				Ballast		
12	4' F40/RS	_____	_____	4' F40/RS	_____	100
20	8' F96	_____	_____	8' F96	_____	105
28	8' F96HO	_____	_____	8' F96HO	_____	110
36	8' F961500MA	_____	_____	8' F961500MA	_____	115
Recessed Downlight Floods				My energy rate is \$ _____ per kilowatt hour (Divide total dollars from your last bill by total kilowatt hours used.) 120		
44	75R30/FL	_____	_____	Please send the savings analysis to:		
52	150R/FL	_____	_____	Name _____ 124		
Incandescent Bulbs				Company _____ 159		
60	60 Watt	_____	_____	Address _____ 194		
68	100 Watt	_____	_____	City _____ State _____ 229		
PAR-Lamps				Zip Code _____ 264		
76	150PAR/FL	_____	_____	Phone _____ 269		
84	150PAR/SP	_____	_____	☐ Please have someone come out and help me fill out this form. 294		
Mercury				_____ 295		
92	400 Watt	_____	_____			

Discount Store Census '81/'82

How Discount Stores Stack Up, State by State

STATES	Proj. No. of Stores Dec. '81	No. of Stores Dec. '80	Proj. Square Footage Dec. '81 (Add 000)	Square Footage Dec. '80 (Add 000)	Density (Square Foot Per Person)	Projected Net Gain 1981		* Projected 1981 Discount Store Sales		** Total Retail Sales (Add 000)	Per Cent Of Total Retail Sales
						No. Stores	Footage (Add 000)	Including Supermarkets (Add 000)	General Mer- chandise Only (Add 000)		
Alabama	190	168	10,791	9,238	2.75	22	1,552	\$1,247,225	\$1,144,227	\$14,146,775	8.1
Alaska	3	3	240	240	0.59	0	0	2,773	2,545	2,295,107	1.1
Arizona	95	84	7,110	6,334	2.53	11	776	821,773	753,944	10,746,119	7.0
Arkansas	211	181	10,152	8,035	4.39	30	2,117	1,173,368	1,076,518	8,851,973	12.2
California	511	496	39,595	38,537	1.65	15	1,058	4,576,390	4,198,653	108,154,389	3.9
Colorado	91	87	6,187	5,905	2.10	4	282	715,093	656,069	13,586,794	4.8
Connecticut	164	156	12,284	11,720	3.95	8	564	1,419,784	1,302,595	12,611,711	10.3
Delaware	26	25	1,960	1,891	3.27	1	71	226,536	207,838	2,709,052	7.7
DC	4	4	298	298	0.47	0	0	344,420	315,999	2,410,079	13.1
Florida	260	245	21,902	20,850	2.19	15	1,058	2,532,126	2,323,124	47,387,758	4.9
Georgia	173	153	14,990	13,579	2.71	20	1,411	1,732,544	1,589,539	22,073,227	7.2
Hawaii	21	21	1,085	1,085	1.11	0	0	125,404	115,053	4,518,261	2.5
Idaho	28	26	1,610	1,470	1.67	2	141	186,083	170,724	3,967,723	4.3
Illinois	357	344	25,846	24,929	2.25	13	917	2,987,280	2,740,709	48,060,409	5.7
Indiana	279	267	18,731	17,885	3.40	12	847	2,164,928	1,986,235	21,541,075	9.2
Iowa	129	124	7,873	7,520	2.69	5	350	909,961	834,852	12,963,454	6.4
Kansas	139	126	8,155	7,238	3.43	13	917	942,554	864,756	10,310,072	8.4
Kentucky	170	162	10,352	9,788	2.79	8	564	1,196,484	1,097,726	14,527,730	7.6
Louisiana	175	163	9,617	8,770	2.26	12	847	1,111,532	1,019,786	16,071,506	6.3
Maine	50	50	2,870	2,870	2.53	0	0	331,714	304,334	4,578,088	6.6
Maryland	113	110	8,660	8,450	2.04	3	210	1,000,922	918,306	19,567,229	4.7
Massachusetts	266	258	17,642	17,078	3.07	8	564	2,039,062	1,870,757	25,189,689	7.4
Michigan	250	241	20,927	20,292	2.25	9	635	2,418,742	2,219,099	40,545,384	5.5
Minnesota	137	130	8,746	8,252	2.13	7	496	1,010,862	927,425	18,053,915	5.1
Mississippi	130	113	6,530	5,330	2.57	17	1,200	754,737	692,441	8,237,675	8.4
Missouri	206	194	19,753	18,906	3.99	12	847	2,283,051	2,094,608	20,751,534	10.1
Montana	21	20	1,249	1,178	1.57	1	71	144,359	132,443	3,661,086	3.6
Nebraska	93	87	5,003	4,580	3.17	6	423	578,246	530,518	6,770,314	7.8
Nevada	33	33	2,450	2,450	2.98	0	0	283,171	259,798	4,515,475	5.8
New Hampshire	72	70	4,351	4,210	4.65	2	141	502,888	461,380	4,225,429	10.9
New Jersey	213	206	20,078	19,584	2.73	7	494	2,320,615	2,129,071	31,761,939	6.7
New Mexico	81	71	4,664	3,957	3.52	10	706	539,065	494,570	5,576,939	8.9
New York	451	442	37,608	36,973	2.15	9	637	4,346,732	3,987,952	68,385,105	5.8
North Carolina	196	179	13,233	12,033	2.23	17	1,200	1,529,470	1,403,227	21,567,399	6.5
North Dakota	33	31	1,598	1,457	2.43	2	141	184,696	169,451	3,072,873	5.5
Ohio	562	551	40,896	40,120	3.78	11	776	4,721,759	4,336,611	44,742,092	9.7
Oklahoma	147	137	8,302	7,597	2.71	10	704	959,545	880,344	13,488,260	6.5
Oregon	90	87	5,793	5,583	2.16	3	210	669,554	614,289	13,186,279	4.7
Pennsylvania	442	428	31,153	30,165	2.62	14	988	3,600,663	3,303,464	46,622,536	7.1
Rhode Island	39	38	3,293	3,222	3.47	1	70	380,604	349,189	3,326,007	10.5
South Carolina	121	106	7,739	6,681	2.45	15	1,059	894,473	820,643	11,509,199	7.1
South Dakota	33	31	1,320	1,179	1.90	2	140	152,565	139,972	3,063,236	4.6
Tennessee	186	172	10,900	9,912	2.35	14	987	1,259,822	1,155,836	17,373,431	6.6
Texas	533	507	36,806	34,971	2.54	26	1,835	4,254,037	3,902,908	70,030,240	5.6
Utah	40	37	2,663	2,451	1.78	3	210	307,789	282,384	5,453,214	5.2
Vermont	31	30	1,775	1,704	3.43	1	70	205,154	188,221	1,998,674	9.4
Virginia	196	186	14,453	13,747	2.68	10	706	1,670,477	1,532,596	23,485,690	6.5
Washington	82	80	6,143	6,001	1.47	2	140	710,007	651,403	18,860,080	3.5
West Virginia	118	112	6,945	6,522	3.53	6	423	802,703	736,447	7,660,829	9.6
Wisconsin	145	138	11,186	10,692	2.36	7	495	1,292,877	1,186,163	18,958,616	6.3
Wyoming	28	26	1,348	1,207	2.79	2	140	155,801	142,941	2,593,995	5.5

* DSN estimates based on average volume per square foot, and projected square feet for the calendar year.

** Total retail sales are taken from the 1981 Sales & Marketing Management survey of buying power.

Discount Store Census '81/'82

Compatible Marking Methods Make Progress

Discount stores are closely monitoring the growing number of manufacturers that are marking hard goods and soft lines in both the Universal Product Code (UPC) and Universal Vendor Marking (UVM) systems, thereby further advancing the retail industry's goal of compatible use of both marking methods.

Individual chains, however, are conducting their own tests of systems, with Roses, for example, experimenting with its own version of UVM, while Wal-Mart is the leading exponent of UPC.

UPC-UVM marked goods have become widespread in the records and paperback book areas, and compatible use of both systems is growing in such hard lines categories as hardware, toys and games, and kitchen gadgets.

In the soft goods area, UVM is the favored marking method, particularly for apparel and accessories where extensive information including size, style and color is important.

UPC's use in the soft goods field is most evident on small, packaged items such as hosiery that are merchandised by supermarkets and drug stores in addition to discount stores and conventional department stores.

UPC, which is the older system and is extensively used by supermarkets, employs a bar code to identify goods, with a laser scanner built into a checkout station used to read the UPC.

UVM, which was developed through the voluntary efforts of general merchandise retailers and manufacturers, spearheaded by the National Retail Merchants Association, uses human-readable Optical Character Recognition type called OCR-A. Cashiers can read the type and key in the information or else use wand readers attached to electronic terminals.

Still Developing

A checkout laser scanner has been developed to read UVM, and the equipment is now being used in Germany and is due to be marketed in the United States next year.

The checkout scanners offer faster reading of UVM, as a marked item has to be passed over the laser beam reader just once, compared with the double pass used for wand readers or the even more time-consuming manual keying in of information.

UVM, unlike UPC, can also be used to identify store personnel as a security step that would have only authorized personnel perform specific functions or gain access to designated areas or equipment.

A number of manufacturers of plastic badges have developed holders that will facilitate wand reading of such tags. The badge has a lip at the bottom that serves as a track to guide the wand reader pass the employee's coded identification number.

As for compatibility of both marking systems, the key breakthrough was the development of typeface specifications that allowed the substitution of up to two lines of UVM/OCR-A for the one line of human-readable numbers that are a standard part of the UPC's bar code. This was done without altering the size or configuration of the UPC.

Development of checkout scanners that read UVM could boost that marking system's at-

tractiveness, due to the faster capture of information.

UPC advocates had contended that passing such marked goods over a checkout scanner offers faster customer service and increases cashier productivity than the use of hand-held wand readers for UVM-identified items.

UVM proponents assert that this marking system is better for general merchandise retailers because it offers up to eight lines of information including the price, with all the alphanumeric characters human readable. UPC's bar code provides only up to 10 characters of information.

Discounters and other retailers have to decide which marking system to use because only electronic cash registers are now being produced and this equipment is at its most pro-

ductive when it is used to capture a complete range of merchandise information rather than just the department classification and price of the item being sold.

New Strategy

K mart, for example, is developing KIN, an acronym for K mart Information Network, for the electronic registers that the discounter is now using. KIN currently reports department sales information in the merchandise area, but the discounter is testing a system that will provide a broad range of information, including item movement and current inventory by store.

Roses, meanwhile, is already capturing merchandise information for about 90% of its mix, using OCR-A on a modified UVM designed just for the dis-

counter. Small, prepriced packaged items such as chewing gum, motor oil and thread aren't marked.

Roses' UVM has four lines on tags used for soft goods and three lines on labels attached to hard lines.

Key to Roses' modification of the basic UVM format is its use of the sku number. In Roses' case, the five-digit number is the code for an item and its specific style, size and color. The same item in a different size and/or color gets a different sku.

The discounter's main computer randomly assigns an sku number to each item, so that a dress in a specific style, size and color won't have an sku number in sequence with the same style but in another size or color.

This number arrangement provides flexibility in that a

specific color or size can be dropped without causing any renumbering of that same item in different sizes and colors.

Once an item is dropped from the mix, the sku number is canceled and can't be used again for at least 90 days, by which time the discontinued product is expected to be cleared from all stores.

Adding It Up

Roses had 18 stores with IBM 3680 terminals and wands used to read its modified UVM tickets.

The discounter prints the tickets for wearables centrally and includes these tickets with the order sent to stores which physically attach the tags.

Stores print the labels for hard lines and the tickets for other apparel such as hosiery.

(Continued on page 124)

OUR FASTEST-MOVING PARTS. FREE.

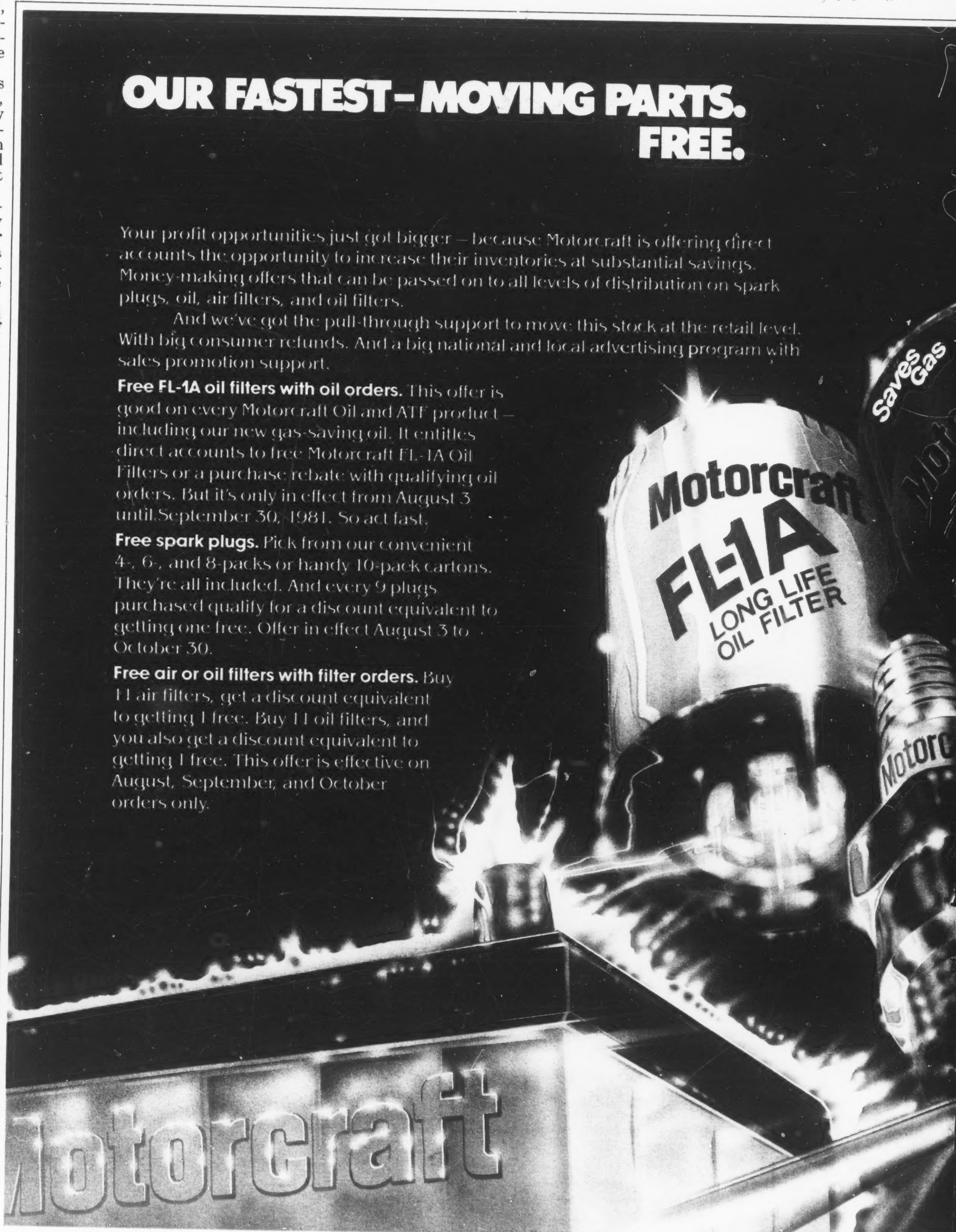
Your profit opportunities just got bigger — because Motorcraft is offering direct accounts the opportunity to increase their inventories at substantial savings. Money-making offers that can be passed on to all levels of distribution on spark plugs, oil, air filters, and oil filters.

And we've got the pull-through support to move this stock at the retail level. With big consumer refunds. And a big national and local advertising program with sales promotion support.

Free FL-1A oil filters with oil orders. This offer is good on every Motorcraft Oil and ATF product — including our new gas-saving oil. It entitles direct accounts to free Motorcraft FL-1A Oil Filters or a purchase rebate with qualifying oil orders. But it's only in effect from August 3 until September 30, 1981. So act fast.

Free spark plugs. Pick from our convenient 4-, 6-, and 8-packs or handy 10-pack cartons. They're all included. And every 9 plugs purchased qualify for a discount equivalent to getting one free. Offer in effect August 3 to October 30.

Free air or oil filters with filter orders. Buy 11 air filters, get a discount equivalent to getting 1 free. Buy 11 oil filters, and you also get a discount equivalent to getting 1 free. This offer is effective on August, September, and October orders only.



Discount Store Census '81/'82

Woolco, Heck's, Murphy's Mart Change Ad Formats

Pinched by a still-soft economy and production costs which are up 15% from a year ago, discounters are making major changes in ad presentations as the second half of the year gets under way.

Headlining the list is Woolco, which will be dropping its circulars completely in favor of larger standard-section ads, slightly smaller than full newspaper-sized broadsheets.

"We have made a major change for the balance of 1981 and every month thereafter," said a spokesman at the chain, "though you won't see the change until October. We have changed our layout, our look and the number of items used. The 16-page tabloid of a year ago will equal an eight-page standard section now."

Woolco has been testing its

new ad format at one store location in preparation for the change. By standardizing size, layout and graphics in its ads, Woolco hopes to "re-establish credibility with the customer through consistency in our advertising," the spokesman said.

New Variation

While a broadsheet contains 2,400 lines of space and a smaller standard section would be 1,800 lines, Woolco's sizing will be between 1,800 and 2,000 lines. Frequency will be the same as for the chain's tabloid usage, 52 per year. Ninety to 95 items will be featured in each ad, though tabloid ads in the past featured 125 or more items.

"I would say reduction in the number of items in our ads is 30%. We are looking for high

impact from a few consumable items. We will also be exposing more departments in our advertising, particularly departments that we are trying to build, such as domestics and ladies' and men's wear," the Woolco spokesman said.

Target's consistency in ad presentation is close to what Woolco is aiming for, the Woolco spokesman said, although K mart's recent oversize ad in a long, thin shape was "narrower than we will go with our standard sections."

Another move away from circulars—scaled down in size rather than up—has been planned at Heck's. The chain decided to drop its circulars completely beginning this month, and run catabooks instead.

"We are moving to catabooks

for the remainder of this year, and that is our plan for 1982 as well," said a spokesman at the chain. "We changed because when we ran a catabook we saw healthy increases year to year, but when we ran tabloids, the increases were not as healthy."

Initial Offering

Heck's used its new format for the first time this month, direct-mailing a 96-page catabook. It replaced a 20-page tab.

"We are trying to keep the number of items featured constant—the September catabook has 200 to 240 items—and the length of the sale period," the Heck's spokesman said. "The sale period is still one week long, but we find that the book lasts in the home longer [than a circular]."

The Heck's catabooks will be

run once a month. Production and delivery costs are about 20% more than for a tabloid, "but the return we get from a book is greater, so the cost remains the same as a percentage of sales," the spokesman said.

The chain is uncertain if the catabooks will affect ROP advertising; it is possible that an occasional ROP ad will be replaced by a tabloid. An advertising spokesman at the chain said his main worry was that constant promotion via catabooks may result in overkill, reducing the effectiveness of the technique.

Another Consideration

Another change in standard tabloid advertising occurred recently at Murphy's Mart, where the size of its circulars was shaved from a 25-in. width to a 22-in. width. This was done last month, to save on paper costs.

A spokesman at T.G. & Y. indicated that similar changes are in the offing at that chain: "We have had major cost increases in paper and ink. We have already made some internal changes to control ink use, and we are getting ready to do some creative things to reduce paper costs—a size change that will not be noticeable to the consumer. But this will not be done until mid-1982."

Different Strategy

Frequency and mix of advertising have been changing this year at Murphy's Mart and T.G. & Y. Murphy's Mart stepped up its tabloid frequency by an additional three preprints, to 51 a year. The chain has also been gradually moving to more use of four-color advertising.

"We used four-color on three more circulars this year," said a spokesman at Murphy's Mart. "We now run 25 four-color tabs a year, and an additional four to six tabs are combinations, with a four-color wrap and black and white inside. We are also running slightly fewer items in our promotions, as we have seen K mart doing. With the increase in circulars, we cut back on ROP advertising because we don't need it."

An increase in color usage was pegged at 20% for 1981 by the Murphy's Mart spokesman. The company is in the midst of expanding its program to produce its own advertising—hiring models and doing its own photography.

Major Changes

T.G. & Y.'s major change this year was in electronic advertising. A change in advertising firms gave the chain better quality production in its electronic ads, a spokesman at the chain said, but the big change was a move to include institutional advertising along with item and price ads. Co-op dollar usage is reportedly up 29% from a year ago at T.G. & Y.

Other industry changes this year include a stronger advertising push by Danners, which increased its ad budget for the year by 30%, fueling much of this through co-op ad dollars from vendors. Tabloid size and frequency were increased, while ROP advertising was cut back.

Venture, FedMart and Magic Mart of Arkansas all developed new theme-oriented advertising during the year. K mart and Zayre continued strong rebate programs, while Gold Circle tried out an instant cash rebate program.

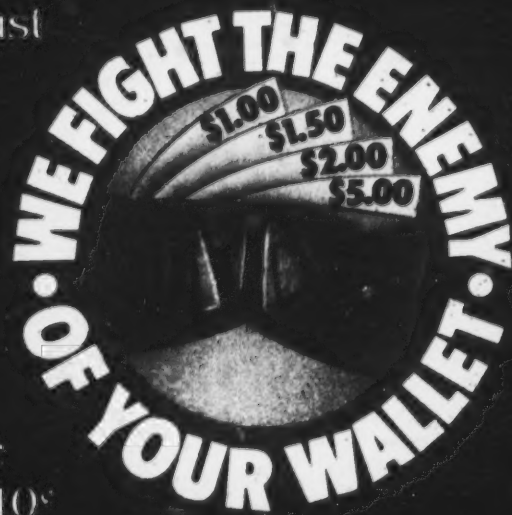
PLUS THE BIGGEST REFUND PROGRAM WE'VE EVER OFFERED TO MOVE THEM EVEN FASTER.

Free consumer refund promotion. To help move these fast moving products even faster, Motorcraft will offer retail customers a pull-through promotion of up to \$9.50 in refunds from September through November. We'll be giving \$1.00 refunds on oil filters. \$1.50 on 5 quarts of oil. Up to \$2.00 (25¢ each) on spark plugs. And \$5.00 on batteries. And since this is a manufacturer refund, there are no coupons for retail outlets to redeem. Retailers' money is not tied up. We handle all refunds.

Free advertising support. We'll be telling consumers how Motorcraft refunds help "Fight the enemy of their wallets" in national magazine, radio, and television advertising. And we'll help close the sale at the retail level by supplying free posters, counter cards, and refund coupons to all outlets that want to be part of this money-saving program.

Free co-op advertising funds. We'll help retail outlets promote our money-saving refund offer and their Motorcraft products by paying 100% of all local advertising costs. Each retailer's funds will be based on August purchases at the rate of 3¢ for every spark plug, 6¢ for every oil filter, and 15¢ for every battery. And the 100% oil co-op program earns funds even faster. Because there's a big 10¢ per gallon bonus on

August and September oil and ATF orders. This is the biggest sales incentive and consumer refund program of its kind we've ever offered. See your participating Motorcraft Supplier for complete program details and benefits. Don't miss it.



Motorcraft

Discount Store Census '81/'82

Promo Push Propelling K mart to Expected \$16.3 Billion Year

TROY, Mich.—K mart's renewed (in 1981) promotional push, which helped propel the chain to a \$7.4 billion first half, will continue for the rest of the fiscal year, according to a K mart executive.

The chain is expected to produce sales of \$16.3 billion in its 2,000-plus United States and Canada K marts.

That's a gain of approximately 14% for the chain, which has concentrated in recent months on remodeling as many stores as possible—the total is now over 200—and opening fewer, though 175 are expected to open in calendar 1981. By year's end, K mart should have 2,055 K marts in the United States and Canada, and more than 120 million sq. ft. of space. That's \$7.8 million per store, and \$135 a foot.

Midyear results for the K mart bear out these bullish

projections. At the half, sales had risen 14% already, with the crucial second half (and fourth quarter) still to come. Second-quarter sales rose an even 16%, to \$4.027 billion from \$3.471 billion the year prior.

Profits have been a bit more difficult to find at K mart than sales, however. Net income for the second quarter fell 4.1%, to \$56.8 million from \$59.2 million, and for the half the decline was to \$91.3 million this year from \$98.9 million in the first half last year—a drop of 7.7%, blamed for the most part on the chain's increased planned promotions.

Selling, general and administrative expenses for the chain remained virtually constant—23.7% of sales through the second quarter, for example, compared to 23.8% for the same period a year earlier. That's not a figure K mart plans to live



with, or that approaches the under-21 S&GA percentages at many chains—but it is a solid performance, given the expensing of some 200 remodels through the half.

Earnings did benefit from a 2.5-percentage-point reduction in the effective tax rate, from 42.8% in 1980's first half to 40.3% this year, resulting from currency fluctuations not subject to income tax, and the reporting of footwear and Australian earnings on the equity

basis.

A total of 83 K marts were opened in the first half, with approximately 92 more due before the end of the fiscal year next January. All of them will get the remodeled look for K mart, which includes upscaled presentations in H&BA, jewelry and apparel.

K mart's most recent merchandising moves have centered on name brand soft lines—designer jeans, and name brands in underclothing,

for example. (Men's underwear, which is a 70%-brand label business, was completely PL at K mart until recently.) One recent circular for the chain carried 90% brand name goods, a departure for the chain, and a signal of the new merchandising strategy at K mart. The designer jeans are in very short supply, as K mart buyers are just getting into the business with the diverters; but the opening salvo was an "unlimited open-to-buy" for designer jeans ad in a leading apparel industry trade newspaper.

Because of the new promotional effort by the chain—especially in H&BA—and because many high-turn, low-margin goods are being added to the mix to generate sales dollars, K mart's earned gross margin may decline this year. But, the net result should be

(Continued on page 115)

Murphy's Mart Will Up Bows To 4 in '82

McKEESPORT, Pa.—G. C. Murphy's careful expansion program for its Murphy's Marts, which will see units added to the Pittsburgh and Baltimore markets by year's end, will be stepped up next year.

Company president and ceo Charles Lytle said a conservative estimate for 1982 includes the addition of four Murphy's Marts (after the chain climbed from 103 units to 105 this year). Murphy also operates 337 variety stores.

One step toward greater profitability is an experiment with a new store type. Murphy has taken two of its conventional variety stores and converted them to Bargain World stores, units which sell irregular, closeout and other goods.

Murphy has been closing its marginally profitable conventional (variety) stores at a steady pace since 1978 (23 were closed in 1980). The possibility of operating the units for the remainder of their lease terms as outlets for special-buy merchandise is appealing, a company spokesman said. The company is contemplating opening more Bargain World stores. Current sites are Noblesville, Ind., and Winnfield, La. The merchandise mix is primarily soft goods, but housewares and a smattering of other hard goods are included.

Sales in the discount stores continue to outpace inflation after strong gains in the company's last fiscal year, with 1981 sales ahead of 1980 by 8.7% in the 26 weeks ended July 30.

The 103 Murphy's Marts in operation for the first half of this fiscal year did \$219.7 million in sales, compared to \$202.1 million achieved by 102 Murphy's Marts in the first half of 1980.

Net income for the first half of this year (26 weeks ended July 30, 1981) was \$2.85 million, a 25.6% increase from the year-before net income of \$2.27 million for the same period. Companywide sales for the same period increased 4.5%. Second-quarter results were weaker in both sales and earnings than first-quarter gains.

Several key personnel changes during the year are expected.

(Continued on page 115)



One of your fastest selling items could stick around for years.

Discount Store Census '81/'82

Wal-Mart Is Going From 330 Stores to 480 in '81

BENTONVILLE, Ark.—Between an undiminished construction schedule of 60 new stores this year, and the acquisition of 104 Big K stores, Wal-Mart will close 1981 almost half again as large as it entered the year.

Though only 85 to 90 of the acquired Big K stores are likely to open as Wal-Marts, because of direct conflicts with existing Wal-Marts and the small size of some of the Big K's, the combination of new and acquired stores will give the Bentonville discounter close to 480 units by December. Wal-Mart began the year with 330 stores.

Wal-Mart chairman Sam Walton said the chain is still deciding which acquired stores will remain open and which will be closed. The remodeling schedule currently calls for 12-20 of the units to be remade into Wal-Mart prototypes by

the end of the year; 40 Big K stores will be redone in 1982, according to president Jack Shewmaker. The remaining stores will be converted to Wal-Marts gradually, one merchandise line at a time.

Wal-Mart paid considerably less than the \$5 a share equivalent stock swap that was initially agreed upon, because Big K's net worth did not meet the agreed-upon level of \$19 million at the close of business

on July 3. The deal closed at \$2.75 a share.

Wal-Mart assumes approximately \$27 million in Big K liabilities, payables of \$25 million, and incurs capital costs for remodels and inventory of \$40 million to \$50 million, bringing the total deal to a cost near \$100 million.

Wal-Mart has thus gained markets in Georgia and South Carolina, and complemented its store base in Tennessee, Al-

abama, Kentucky and Mississippi at a cost of \$1 million per store. This includes remodeling and inventory costs.

Figures Analyzed

When the stores are brought up to the standard of typical Wal-Marts, they will account for \$500 million in sales and \$15 million in net income a year. The 30,000-sq.-ft. to 70,000-sq.-ft. size of most units meshes with Wal-Mart prototypes.

In addition to new stores—Shewmaker said openings would not be slowed down by the Big K deal—Wal-Mart has remodeled 25 older stores during the year.

Another deal Wal-Mart entered during the year was with a Mexican chain of food and general merchandise combination stores, Futurama. Wal-Mart will act as merchandising consultant and help finance the

chain's expansion, in return for 49% ownership. First store in the new partnership is to be opened this year, with two more units planned for next year.

Merchandising changes at Wal-Mart this year unveiled yet another experimental store in a 94,700-sq.-ft. unit in Victoria, Tex. Shewmaker characterized the store as "closer to what we want for the future," but not necessarily the ultimate large-store design for the chain.

Apparel was given 30% of total space in the Victoria store, with the entrance location forcing customers into a major aisle bounded by soft goods. Women's apparel is in a center island in the store, with accessories and jewelry.

Feature tables, which were eliminated in earlier Wal-Mart tests, were brought back in the Victoria store.



Caldor, Bought By ADG, Sets 10 Bows in '82

NORWALK, Conn.—Its acquisition by Associated Dry Goods, a retail conglomerate, has not slowed Caldor's expansion plans.

The Connecticut-based chain entered New Jersey for the first time this year, opening in four former Korvettes sites in Paramus, Watchung, West Orange and Woodbridge. The chain is scheduled to grow by eight more units by year's end, and add 10 stores in 1982.

Caldor's sale by chairman and founder (and primary shareholder) Carl Bennett for \$275 million in cash and stock in February has not, to date, triggered a senior management reshuffling. However, there is some speculation that Bennett may retire and that thought has ADG executives looking for his replacement both inside and outside the company.

The chain did lose a senior executive this summer, however, when Caldor veteran Julius Kasnitz, vice president, operations, left the chain to take the vice president, operations, spot at Two Guys.

The acquisition is not expected to hurt Caldor's sales. For the fiscal year ended Jan. 31, 1981, sales rose to \$666.5 million, a gain of 18.5%. Net earnings rose 7.6% to \$21.2 million from \$19.7 million the year before, and projections call for this year's sales to go ahead 18% to \$787 million.

Merchandising changes are also on tap for the remainder of this year and the beginning of 1982, including plans to turn Caldor's rainbow logo into a designer label before the year is out. The logo program, which underscores the chain's faith in its consumer franchise, was first shown at a spring men's wear preview for store-level employees.

The logo will complement an expanded "raccoon" line (Caldor's answer to the LaCoste alligator); a new activewear line carrying tennis star Rod Laver's name; an NFL line, and Lee and Wrangler programs fine-tuned to coordinate with Caldor's fashion merchandising.

In addition, the chain's raccoon line will be expanded from one style of sport shirt in 10

(Continued on page 118)



Sealed inside a metal time capsule, in the cornerstone of the Science Museum of Minnesota, rests a small roll of "Scotch" brand Magic Transparent Tape.

Why? Well, it's one of the most significant and useful technological achievements of the century.

At 3M, by listening to people's needs, we've pioneered over 200 popular and innovative products for consumer use. They include products for household

management, health and beauty, home entertainment and recreation, and products for home and auto "do-it-yourselfers."

If you're in the retail business and would like to find out more about how they can increase your sales, let us hear from you.

At 3M, we're in the business of hearing.

3M hears you...

For your free 3M Consumer Products Brochure, write: Department 074209/3M, P.O. Box 4039, St. Paul, MN 55104.

Name _____

Address _____

City _____ State & Zip _____

Or call toll-free: 1-800-323-1718, Operator 367. (Illinois residents call 1-800-942-8881.)

3M

Discount Store Census '81/'82

Woolco Restructuring Impact to Come

NEW YORK—This was a year of tremendous change for Woolco.

But the impact of a major restructuring of this division of F. W. Woolworth—which included implementation of new store packaging, advertising and merchandising programs, and a major management reorganization—is yet to come.

The optimistic new general manager, John Parker, believes the end result will make his chain, "a major force in the discount field. We won't be the biggest, but we will be highly successful."

Parent company F. W. Woolworth started overhauling Woolco in earnest this year, after two years' work to consolidate and reallocate assets, in an effort to reclaim the profitability of the discount division. Companywide, the re-deployment saw the company close its Spanish operations and the complete reorganization of its Susie Casual chain. The revamp started at the top, leaving Woolworth/Woolco with two general managers: Parker, formerly regional vp in Atlanta, became general manager of U.S. Woolco; Charles L. Kline, former senior vp and general manager of Woolworth/Woolco, became Parker's counterpart at Woolworth. The reorganization

has Woolco operations personnel reporting to Parker, and Woolworth people to Kline. Both men report directly to George W. Nelson, president of U.S. Woolworth/Woolco.

In its drive to improve profits (which were \$122 million for Woolco's United States and Canadian stores last year, on sales of \$3.1 billion), the parent corporation continued to pare less

profitable stores and trim less advantageous space within stores. Five Woolco stores were closed and another 15-30 were marked for decreased floor space in 1981.

During the previous year, the chain closed six Woolcos and reduced the store size of 25 units—an excess 1.2 million sq. ft. trimmed from the units was

(Continued on page 118)



Roses Will Use New Prototype In 6-8 Openings

HENDERSON, N.C.—Roses is banking on a new prototype to further solidify its position in its 13-southeastern-state market area.

The new plan features women's wear, men's wear, greeting cards and giftwrap all moved to dominant positions on the main traffic aisle, while promotional tables, long a Roses staple, are eliminated. In addition to improving the stores' appearance, the layout changes are aimed at improving gross margin productivity per square foot.

Six to eight stores scheduled to open this year, including three already opened in Pulaski, Va., and Brevard and Black Mountain, N.C., all have the new look.

Other changes included moving health and beauty aids to the left front quadrant of the prototype store to make room for the men's wear and greeting card departments, while women's wear was positioned outside the race track, to the right of the entrance, across from sportswear, which has frontage on both the race track and the midway aisle. Accessories were also reorganized into a new department and positioned between women's wear and girls' wear.

In addition, hardware and automotive were expanded.

As a deterrent to theft, aisles in the CE, auto and sporting goods departments were angled to give clerks an unobstructed view of the department.

Complementing the prototype plan's race track will be new color and fixturing themes designed for a clean, flexible profile. Earth-tone stripes will pattern off-white walls. Companion-colored carpeting in the apparel and shoe departments

(Continued on page 118)

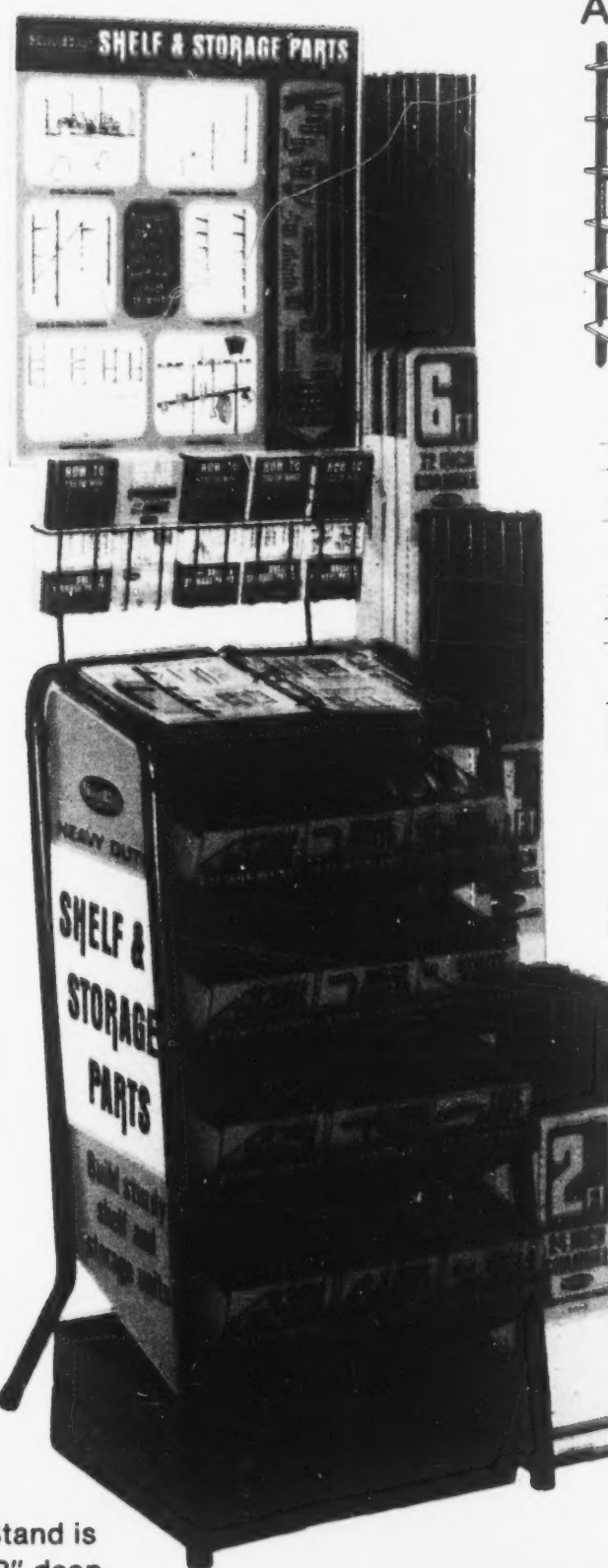
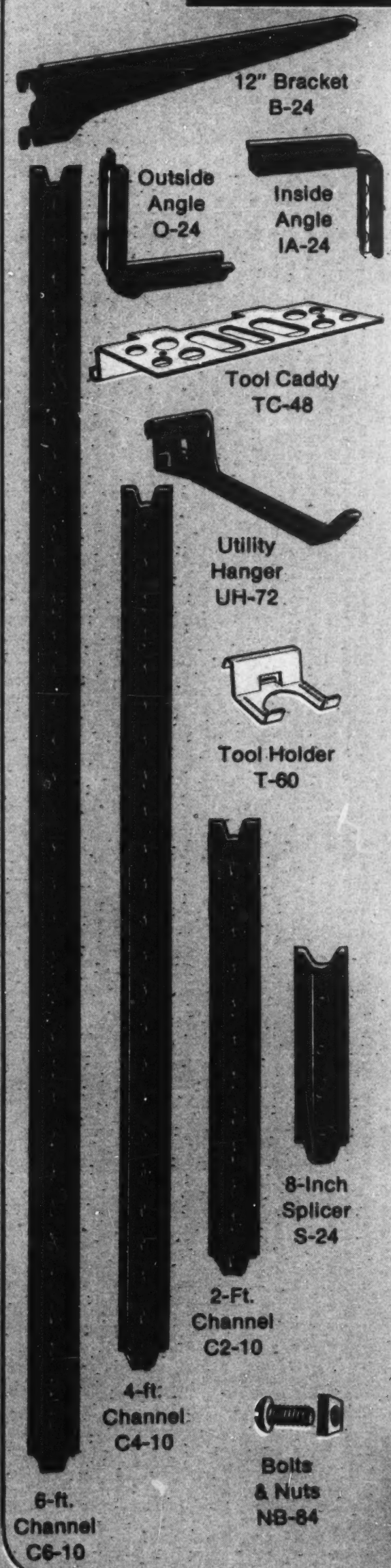
WE'VE MADE DO-IT-YOURSELF

SteelCity HEAVY DUTY SHELF & STORAGE PARTS

U.S. PAT. NO. 4,159,164 CANADA 1,068,653

JAPAN PAT. PEND.

HOME CENTER, LUMBER AND BUILDING SUPPLY MERCHANDISER 11 ITEM HOME CENTER DISPLAY



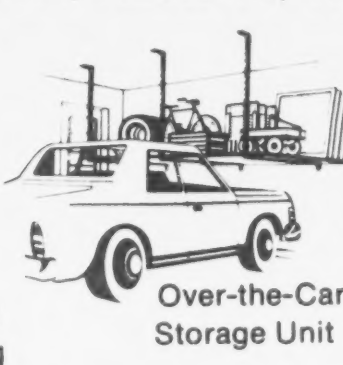
Stand is 22" deep 27" wide 5 ft. high

MODEL DIS-SSP 11 SKU

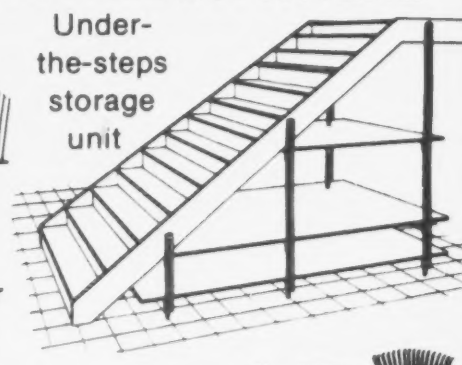
A handy way to tailor-make storage units ANY LENGTH, HEIGHT, WIDTH...ANYWHERE



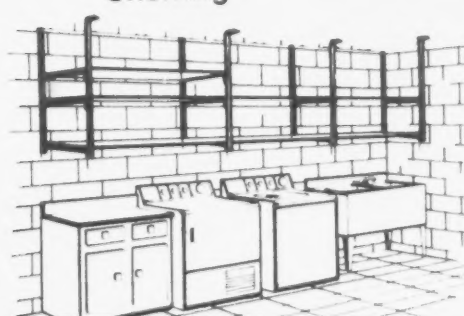
Bracket Shelving



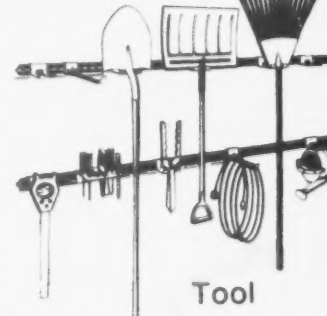
Over-the-Car Storage Unit



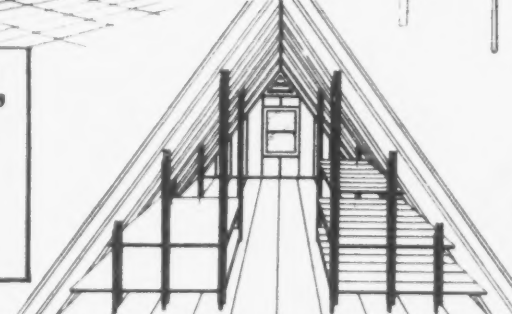
Under-the-steps storage unit



Over-the-washer dryer storage unit



Tool Storage Unit



Attic Storage Unit

Use hardboard, plywood or lumber for shelving.

P.O.S. AND STOCK DISPENSER

A powerful sales aid.

This stand contains POINT-OF-SALE HEADER. Tells the story with illustrations.

"HOW TO" FOLDERS. Stand holds folders of 5 different "HOW TO ASSEMBLE" information.

"IDEA BOOK" is permanently attached to the top part of the dispenser portion of the stand. Book contains 16 pages of illustrations and ideas.

DISPENSER STAND holds 40 each of 2, 4, and 6 ft. channels, 48 inside angles, 24 outside angles, 96 shelf brackets, 60 tool holders, 48 tool caddy's, 72 utility hangers, 24 splicers, and 84 bags of nuts and bolts.



STEEL CITY CORP

STYLES PRODUCTS INC.
Englewood, NJ

TRI-W DISTRIBUTORS
Clearfield, UT

GEO. A. CLARK & SON
Minneapolis, MN

MESSINGER COMPANY
Rochester, N.Y.

BECK & GREGG INDUSTRIES
Atlanta, GA

COTTER & COMPANY
Chicago, IL

PHILADELPHIA RESERVE SUPPLY
Croydon, PA

STEEL & WIRE PRODUCTS
Baltimore, MD

WOODWARD WRIGHT & CO.
New Orleans, LA

HEUSINGER HARDWARE
San Antonio, TX

SEE YOUR LOCAL DISTRIBUTOR FOR

AMERICAN WHOLESALE HARDWARE
Long Beach, CA

WHOLESALE BUILDING SUPPLY CO. INC.
Oakland, CA

SOUTHERN HARDWARE DISTRIBUTORS
Las Vegas, NV

NUSBAUM-LEVY WHOLESALE HARDWARE
So. San Francisco, CA

JENSEN-BYRD COMPANY
Spokane, WA

WITTE HARDWARE
St. Louis, MO

TOWNLEY HARDWARE
Denver, CO

TOWNLEY HARDWARE
Kansas City, MO

Discount Store Census '81/'82

Zayre's Discount Stores on Way To \$1.5 Billion Year (Up 11.6%)

Zayre

FRAMINGHAM, Mass.—The revitalized Zayre discount stores will reach \$1.5 billion in sales this year, an 11.6% gain over last year as operational and merchandising improvements over the last few years take hold.

Merchandising moves at the

259-store (at year's end) chain include Brand Name Value Centers for products requiring saleshelp, in approximately 100 stores; What's Cookin' housewares sections in almost 200 stores, and KD and casual furniture tests in just 17 stores at the beginning of the fiscal year,

but now being rolled out into the chain.

A new bath shop treatment is also being tested in 17 Boston-area stores, as a new Zayre department—Merchandise Presentation and Stores Development—does its part to lift Zayre's volume.

Judging by Zayre's first-half figures—up 17.6%—and by some individual stores' sales plans, the 11.6% gain projected for the current fiscal year may be conservative. Three of the new Chicago stores (converted Community units) are expected to pump \$15 million-\$18 million each into the coffers, and displace the chain's other ethnic stores in Florida as the highest volume producers. (The Chicago stores are in densely populated black neighborhoods, while the Miami stores cater to a large Cuban population.)

More than half of the Zayre stores have been remodeled into the cleaner, brighter and more exciting look of the 80's, but Zayre is not depending on

(Continued on page 116)

IT TWO WAYS
STORAGE SYSTEMS

Steel City

HEAVY DUTY

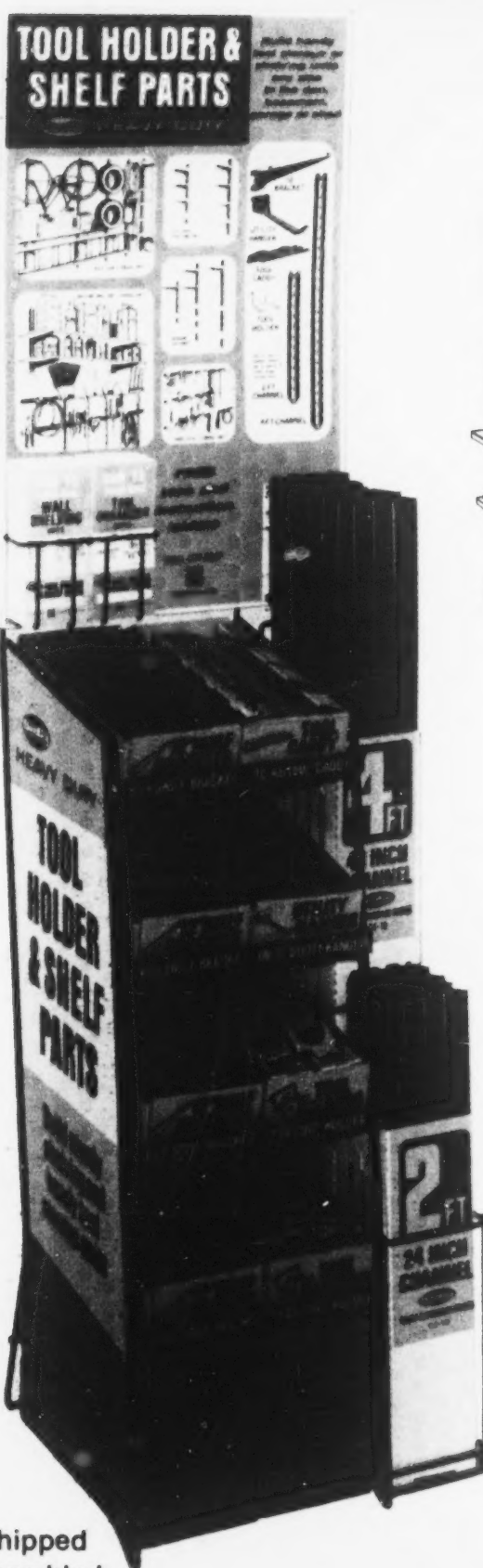
TOOL HOLDER & SHELF PARTS

U.S. PAT. NO. 4,159,164 CANADA 1,066,653 JAPAN PAT. PEND.

PROGRAMMED FOR HARDWARE RETAILERS

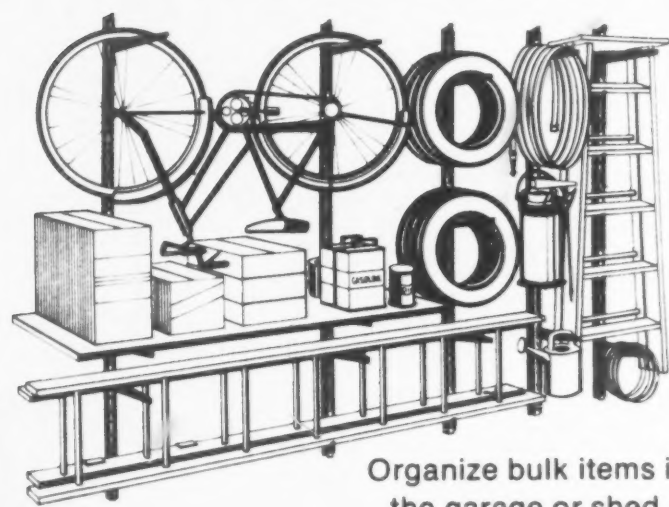
6 ITEM HARDWARE DISPLAY

An easy way to make all types of heavy-duty wall shelving and tool storage units in the HOUSE, GARAGE or SHED

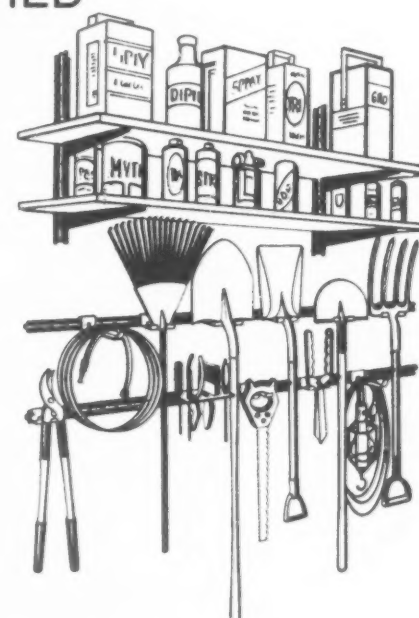


Shipped assembled except for attaching header.

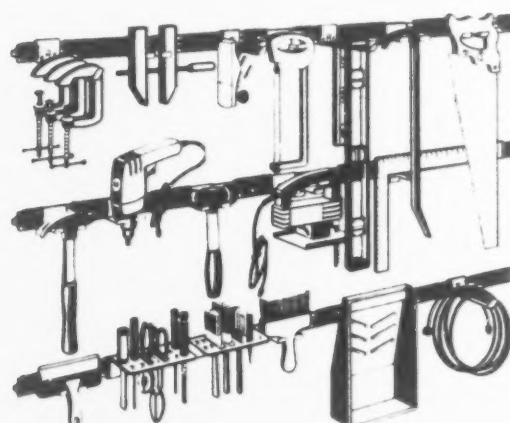
MODEL THS-DIS 6 SKU



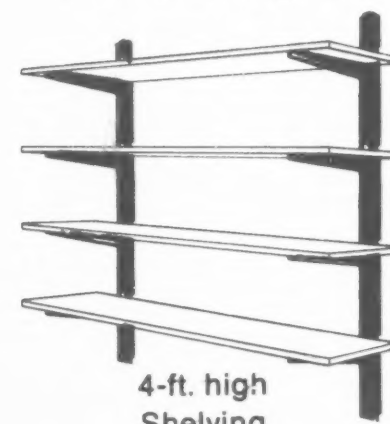
Organize bulk items in the garage or shed.



Combination garden tool and chemical storage unit



Organize hand and power tools



4-ft. high Shelving Unit

P.O.S. AND STOCK DISPENSER

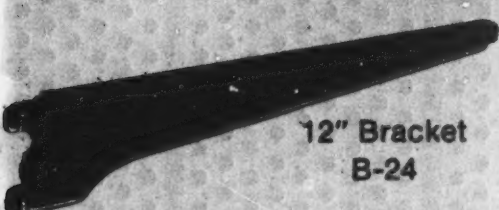
Excellent sales aid.

This stand contains POINT-OF-SALE HEADER. Tells the story with illustrations.

"HOW TO" FOLDERS stand holds folders of 2 different "HOW TO ASSEMBLE" information.

DISPENSER STAND holds 60 4-ft. channels, 40 2-ft. channels, 96 shelf brackets, 120 tool holders, 48 tool caddy's, and 72 utility hangers.

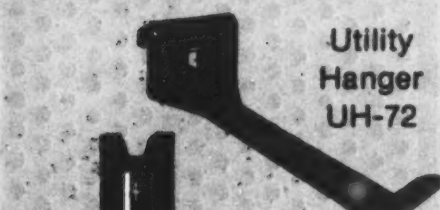
Stand measures 17" deep, 20" wide, 60" high overall, stand is 35" high.



12" Bracket B-24



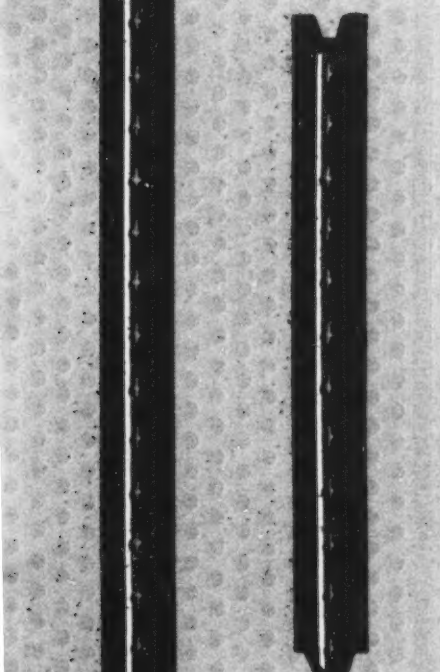
Tool Caddy TC-48



Utility Hanger UH-72



Tool Holder T-60



4-ft. Channel C4-10



2-ft. Channel C2-10

190 N. MERIDIAN RD. YOUNGSTOWN OHIO 44501
216 792-7663

FEDERATED-GOODKIN CO.
City of Industry, CA
HARDLINES MARKETING, INC.
Milwaukee, WI
L.G. COOK COMPANY
Grand Rapids, MI
NELSON ROANOKE CORP.
Roanoke, VA
DECATUR-HOPKINS
Needham Heights, MA
BAUMRIN BROS. SOUTH
Jacksonville, FL
R K B ENTERPRISES
Elmira, NY

LEIGHT SALES CO.
Carson, CA
AMERICAN STREVELL
Salt Lake City, UT
LEBOVITZ WHOLESALE HARDWARE
Chicago, IL
PIONEER BLDG SPECIALITES
Portland, OR
H.E. SCHIFF DISTRIBUTORS
Hicksville, NY
BELKNAP, INC.
Louisville, KY
CONTEXT WHOLESALE CO.
Charlotte, NC

INFORMATION

AMERICAN HARDWARE SUPPLY
Butler, PA
MALLCO DISTRIBUTORS
Phoenix, AZ
HARDWARE WHOLESALE, INC.
Fl. Wayne, IN
GEORGE WORTHINGTON CO.
Cleveland, OH
SOURCE NORTHWEST
Seattle, WA

THE BUTTER CO.
Menomonee Falls, WI
BUDROW & CO.
Santa Fe Springs, CA
HARDWARE DISTRIBUTORS
Cleveland, OH
STEM DISTRIBUTING
Cleveland, OH
KRUSE HARDWARE
Cincinnati, OH

Clover is the discount arm of Strawbridge & Clothier, a local conventional department store chain. The parent company's move into discounting a decade ago was a key element in its efforts to maintain its overall market position against the growing competition from such national retailers as K mart and Sears.

The discount arm's growth has reached the point where it has five more stores than the parent's conventional department store operation. Clover's sales accounted for about 38%

(Continued on page 116)

3 in '82
Projected
By Clover

PHILADELPHIA—Clover opened two stores this year and will add three in 1982 as the home-town chain continues its measured growth to meet increasing competition from regional and national discounters.

Set to open in spring '82 are Clover's first two stores in the Allentown-Bethlehem market, the discounter's furthest thrust north from its Philadelphia base. The two 85,000-sq.-ft. units will be in the Whitehall Mall and Palmer Park shopping centers.

Also due next year is a similar-size store in Haverton, Pa., which was postponed from this year. That unit, along with two others in Delaware County, just south of Philadelphia, are expected to be the launching platform for Clover's long projected move south into Delaware in subsequent years.

The two stores opened this year boost Clover's count to 15, all in the Greater Philadelphia and adjacent south New Jersey market.

Clover's status in its home town is evident from one of the two new stores opened this year: The Cheltenham unit is the first discount store to co-anchor an enclosed mall (Cheltenham Square) with a conventional department store (Gimbels) in the Philadelphia market.

Discount Store Census '81/'82

Southern Push: Target Hits La., Busts Sod For 2 in Little Rock

MINNEAPOLIS—Target's 14-unit increase of its store base this year brought the discounter into two new states and substantially broadened its base in two more, creating a strong Southern presence.

Groundbreaking in mid-August for two 100,000-sq.-ft. Targets in Little Rock, Ark., marked sites for the chain's first stores in the state. A March opening in Lafayette, La., brought Target to that state for the first time.

In addition, the 146-unit discounter marked Tennessee for expansion, adding three stores in Nashville and two in Knoxville to 1980's only market in the state, three Memphis stores.

The Texas store base is also

being built up at Target, with groundbreaking for the chain's 14th unit in the Houston market slated for this month. A fall opening in Beaumont will widen Target's operating area in the state.

Target underscored its commitment to Southern expansion by opening its second distribution center late last year, a mammoth 580,000-sq.-ft. facility in Little Rock, Ark. Many of the 15 new Targets likely to open in 1982 will be in the chain's Southern division, though strengthening of existing markets, such as occurred this year in St. Paul, Minn., and Denver, is also likely.

The largest boost to Target's volume this year came from 40

Ayr-Way stores which the chain acquired last year. Those stores' volume remains broken out from the rest of the chain, as an operating region of Target. To date, 24 former Ayr-Ways in Indiana, Kentucky and Illinois have been reopened as Targets after extensive remodeling.

A corporate personnel change also came during the year, as Dayton Hudson (parent of Target) president Stephen Pistner left for Montgomery Ward. Target's chairman Kenneth Macke was tapped as Pistner's replacement. Floyd Hall replaced Macke as Target chairman, moving over from his post as head of B. Dalton book stores (another Dayton Hudson

division).

At Dayton Hudson's annual meeting at midyear, it was announced that Target, along with B. Dalton and Mervyn's, will receive 90% of a \$1.95 billion five-year capitalization budget. Between this year and 1985, 85 new Targets were projected for total gain of 60% in square footage.

Target contributed 38% of its parent company's total volume in the year ended Jan. 31, 1981.

Sales volume at Target grew 37% last year (24% without Ayr-Way's volume included), to \$1.53 billion. Operating profit was \$91 million, a 24.7% increase from the year-before's \$72.9 million profit.

Operating profit as a per cent of sales slipped, however, from 6.5% of sales in fiscal 1979 to 5.9% last year. Dayton Hudson chairman William Andres said: "Target's gross margin rate was down slightly from the previous year as a result of the highly promotional retail environment." Gross margin percentage at Target is between 27%

and 29%.

For the first quarter of this year, Target's volume was ahead of 1980 by 53% (31% without Ayr-Way's volume). Operating profit was down slightly for the quarter compared to a year ago, due to expenses from conversion of Ayr-Way stores. With the exclusion of Ayr-Way, Target's operating profit was ahead of 1980 by 22%. Same-store sales at Target rose by 14% during the quarter.

At the August end of the second quarter, half-year sales at Target were \$874.2 million. This was a 49% increase from 1980's first-half sales of \$588 million. Same-store sales were ahead 11% for the half-year. Target's volume without Ayr-Way was \$750 million for the half year, a 27.5% sales increase.

10 in '82 Set By Fishers Big Wheel

NEW CASTLE, Pa.—Fishers Big Wheel is stepping up its expansion.

After adding eight stores in 1980 and nine more this year, Fishers plans to add 10 in 1982.

The biggest drive by Fishers is in Michigan, which gets eight of this year's nine new stores; seven of the stores will have fall openings. Earlier this year, Fishers opened stores in Otsego, Mich., and Follansbee, W. Va.

The new Michigan units join five former Buckeye stores in that state which Fishers acquired in January 1979. Jim Welty, executive vp at Fishers, said new stores in the state will fill gaps between present locations.

The Michigan units mean much more than increased store count to the chain—Fishers will be introducing a new race-track prototype and new decor and signing in these stores.

Chain sources said many of the changes already visible in the Otsego and Follansbee stores preview the new prototypes, including storefront signing which says "Big Wheel" and drops "Fishers."

Inside signing will also be changed. Wall lettering for departments will be replaced with department-identifying supergraphics—large black and white photographs, 3½ ft. wide and 7-10 ft. long, which will be hung from the ceiling.

Carpentering in the stores will be burgundy and gray to coordinate with the new wall designs. Walls will bear red and magenta stripes on an off-white base (replacing a different color for each department).

Small fingerwalls of plasterboard have been designed to hold apparel displays in a collage fashion, and men's fitting rooms will be moved to a more central location in the store and redesigned as octagons. Fitting rooms for women will be redone in gray paneling.

The prototype layout will also be reversed from Fishers' current floor plan, with soft lines located on the left of the store. The decor has been simplified to accentuate soft line assortments, Welty said.

Traditionally, Fishers has allocated 50% of its space to hard

(Continued on page 117)



Meet the new little darlin' from Whistler.

Meet the Whistler Z-70™. The slim, trim Whistler designed for today's down-sized passenger car. The Whistler designed with high profits for you.

High sensitivity. Z-70 gives early warning for all types of speed radar—earlier than most speed radar detectors. It receives stationary, moving or trigger radars. And detects radar energy around curves or over hills.

Simple setting for maximum sensitivity as a result of single testing dial. This feature means minimum interference from X-band microwave intrusion alarms.

Pulsing visual and audio alarm gives a warning the driver can't miss. On detection of speed radar, Z-70 emits a visual flash and a pulsing horn alarm. Like a geiger counter, the flash and beep rate increase as radar location is approached.

No falsing. Z-70 gives unique protection from 2-way radio, CB, power lines, broadcast radio and TV, and radar or microwave not in the speed radar bands.

Universal mounting bracket. Z-70 can be clipped on the dash or sun visor, and stored under the seat when not in use.

To meet this little darlin' for yourself, call us at 617-692-3000. Or write us. Controlonics Corporation, 5 Lyberty Way, Westford, MA 01886.

Our trim design, and slim price can put some hefty profits in your pocket.

WHISTLER
SPEED RADAR DETECTORS



**Go with the sound
America's truckers trust.**

Discount Store Census '81/'82

T.G. & Y family center

T.G. & Y. Standardizing Layout

OKLAHOMA CITY—Merchandising and personnel changes marked 1981 for T.G. & Y., with chainwide conversion to a typical layout nearing completion and loss of two of the chain's vp's of buying caused by a realignment of staff.

Vp of buying William Dorsey resigned at midyear, and vp of buying James Carel was recently reassigned to a new venture by parent company City Products. The discounter has shifted to a merchandising chain of command using four group buyers who divide responsibility for merchandise lines.

In addition, T.G. & Y. began operations this year with new top executives. Senior vp of store operations Dan Kelly was named president at the end of the company's last fiscal year, and senior vp of administration J. H. Plunk was named executive vp, a post which had been done away with in 1978. Vp of store operations H. O. Price was named senior vp of marketing.

The new lineup at T.G. & Y. has been carrying out conversion of all stores to a unified layout scheme, which will give

headquarters better merchandising control. The completion of that project this year will allow greater concentration on a new project: T.G. & Y. has developed a new prototype and is ready to try it out in test markets during 1982.

The chain will reportedly test the store in three nonmetro markets. Prototype design varies considerably from present T.G. & Y. stores, most notably by eliminating feature tables once heavily used throughout the chain.

A preview of the chain's future direction came this year, when executives ordered a 25% reduction in feature table numbers chainwide. With tables taken out, floor plans call for squeezing 15-ft. aisles down to 8-ft. widths and creating more display space.

The chain is also contemplating a name change for its discount stores to distinguish them from its more than 400 variety stores. The variety stores will retain the T.G. & Y. name.

A second new store project is also in development stages: Carel was reassigned from T.G. & Y. day-to-day opera-

tions to help design a combination store with its sister division at City Products' Vons supermarkets. The new store, which is to combine elements to both T.G. & Y. and Vons, is being developed by executives from both chains under the direction of City Products management.

That test store will reportedly serve as a prototype for a new chain spinoff, to have its own nameplate. The first unit could open as early as late 1982.

In merchandising changes within existing T.G. & Y. stores this year, two major developments took place. First, the chain pulled out of the home improvement business. It had extensive lumber assortments in 130 builder supply centers, and smaller assortments in other stores. Overall, the department lacked the floor space productivity of \$125 a square foot in sales that the chain was looking to achieve. With the resulting space from the pullback, the chain expanded its hardware assortment by 18% to 22%.

T.G. & Y. also reduced the space allocated to its fabric de-

(Continued on page 115)

Cook's GM Biz to Hit \$665M
As Result of Rink's Acquisition

MAPLE HEIGHTS, Ohio—Cook United's acquisition of 47 Rink's stores in 1981 will boost general merchandise volume for the chain (which also operates several wholesale divisions) to approximately \$665 million not including food, from a base of 124 stores.

The Rink's move was made by Cook to build an immediate presence in western Ohio that "could have taken 10 years to build," according to Martin M. Lewis, chairman and ceo. The Rink's were combined with Cook's 21 Ontario stores (the chain operates stores under the Ontario name, Uncle Bill's, Clark's and Consolidated Sales Co. as well as its own Cook's logo), with those stores getting the Rink's nameplate in Columbus, Cincinnati, Dayton and Toledo, Ohio.

The new stores also provide instant customers for Cook United's large wholesale divisions, a factor which played a

large role in the decision.

Two stores were opened in 1981, in Cleveland (Uncle Bill's) and Savannah, Ga. (Cook United), and three are planned for 1982 at 45,000 sq. ft. each.

The chain's projected general merchandise sales of approximately \$92 a square foot fall below the industry average of \$106.04, but merchandising refinements are planned to raise that figure.

At Rink's stores, for example, just prior to the takeover hard lines accounted for 75% of the volume out of 70% of the space. That soft performance on the apparel side prompted Rink's management (most of which stayed in place after the acquisition) to upgrade the presentation. The chain makes use of circle racks with mannequins, and glass and chrome fixtures to add flash to the stores. Some units have racetrack aisles with soft lines infields.

Jamesway to Add Six Stores in 1982

SECAUCUS, N.J.—Jamesway plans to add six new stores next year, all concentrated in the chain's home base of New York, New Jersey and Pennsylvania.

The new stores will increase Jamesway's square footage by 8% and its store count by 9%, bringing the chain to 70 by the end of 1982. (Sixty-four units are expected to be in operation by December of this year.)

Market locations for the new stores were unavailable at presstime, as negotiations for some sites continued. The stores will average 51,000 sq. ft.

Jamesway decided to regroup in its home area after selling off its three Ohio stores to Hart Stores at the end of last year. In 1981, the chain added four stores though net gain was only one unit due to three closings.

Two 65,000-sq.-ft. units were opened in New Jersey: a former Barkers in Flemington and a former United Discount Store in Pompton Plains. Leases were also acquired on stores in Beaver Falls, Pa., and Fulton, N.Y., with the Beaver Falls store opening for the back-to-school season and an October opening planned in Fulton.

Jamesway will close the year at 3.64 million sq. ft. compared to the 3.57 million sq. ft. it operated in January, an increase of 2%.

Executives at Jamesway project a sales increase of 8.8% in 1981, as they look for a total fiscal year's volume of \$310 million (including leased department sales), compared to \$285 million last year. Leased volume is expected to be 4.2% of the chainwide total; sales without the leased departments are projected to be \$297 million.

(First-quarter sales were flat at the chain, particularly in the 20% of the Jamesways in west-

ern Pennsylvania. However, a pickup in sales was evident early in the second quarter.)

In operating changes, Jamesway has scheduled a pilot installation of backroom computer terminals by the end of this year. The equipment will allow the central office to communicate with each store electronically—an initial step to improving merchandise replenishment. In addition, a prototype backroom operation has been set up for all stores.

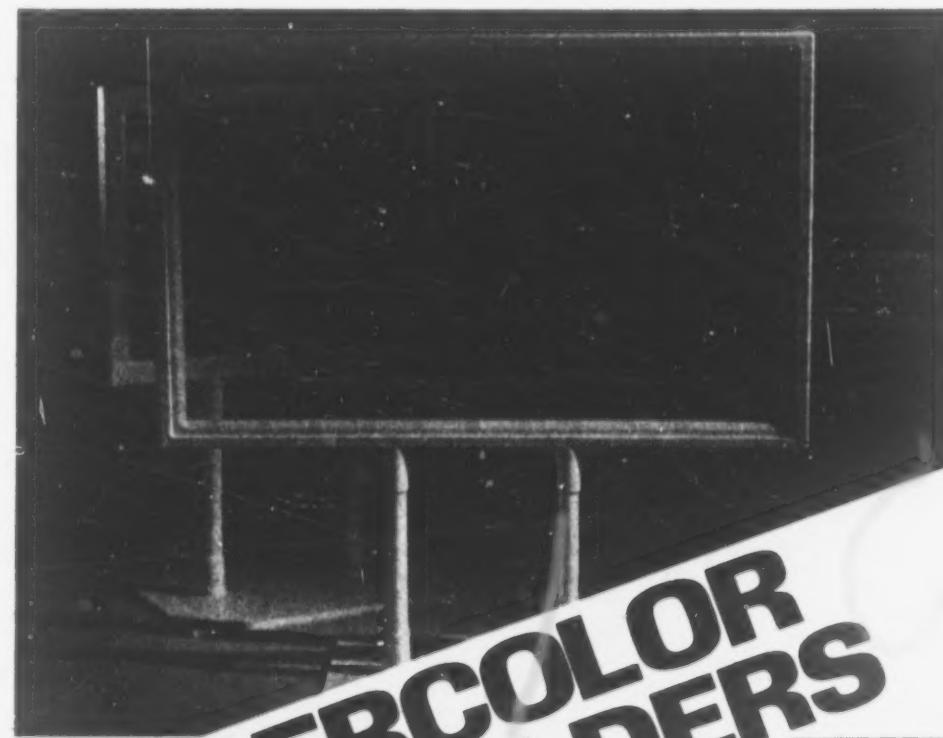
The chain also continued its remodel program throughout the year, with refurbishments budgeted for 11 stores. When

refixturing of those stores is complete, almost two-thirds of the chain will be either new stores or ones that have been remodeled within the past three years.

Through the remodels, Jamesway has been seeking to improve overall gross margins by focusing on departments with high return on investment. During 1980, initial markup slipped 1.1% from the year before, due primarily to changes in the merchandise mix (more movement in promotional goods).

Jamesway is also trying to in-

(Continued on page 115)



SUPERCOLOR CARDHOLDERS

Available in buff, white, red or brown

Injection molded, durable plastic

Will not rust or tarnish

Five different sizes: 7 x 11, 11 x 7, 7 x 5½, 11 x 14, 14 x 11.

Several models, including double stem, flat base, shovel base, & wall mount.

Complete line of shelf & fixture adapters available

Perfect for every cardholder need



Write or call (1-800-654-8435) for your free color brochure

Central Sales Promotions Inc.

P.O. Box 53444 • 130 N.E. 50th Street • Oklahoma City, Okla. 73152 • 405/525-2335



What a Difference fertilmix Makes...

ask for it by name

Many gardeners swear by it to achieve the best results from indoor plants. In fact, Fertilmix Potting Soil and Seed Starter has become the preferred choice in light weight soil. And it's no wonder. Fertilmix is positive evidence that a scientifically formulated soil-less mix is unparalleled for seed starting and all indoor plants. Fertilmix is unique. Just add water and grow.

A. H. HOFFMAN, INC.
Landisville, PA 17538
Telephone: 717/898-2461

Discount Store Census '81/'82



Sale of Fred Meyer Likely This Year

PORTLAND, Ore.—If the proposed \$420 million sale of Fred Meyer goes through—and company executives expect the deal to be closed by the end of this calendar year—it will become a privately held company again, the first time since 1960.

Fred Meyer's board of directors ended a year-long struggle (both internal and external) for control of the chain by agreeing late last month to an offer of \$55

a share for the company, from a group to be formed by the investment banking firm Kohlberg, Kravis, Roberts & Co. (KKR).

The board at Fred Meyer debated the \$55-a-share offer for several weeks before accepting. On two other occasions the board had rejected KKR's takeover advances, including one for \$45 a share late last year. In addition, the board also talked briefly with a Portland-based building supply and home center company, Evans Products. The decision to sell, however, didn't quell all of the executive suite turmoil at the chain. When the sale to KKR for \$55 a share was authorized by the board, two board members resigned in protest. They reportedly felt the offer was still too low.

The 66-unit discount chain plans to add two units in the second half of this calendar year, and plans for next year call for four new stores. Fred Meyer's units run 100,000 sq. ft. (selling) each. A total gain of 10% in selling space at the chain

is projected during 1981 and 1982.

Fred Meyer plans to open several of its future units in the tricity area of Richland, Kennewick and Pasco, Wash. The company intends to sink \$300 million into an expansion program during the next five years. This would give Fred Meyer between 8.45 million sq. ft. and 9.2 million sq. ft.

(In its last fiscal year, Fred Meyer added four units, two in Washington and two in Oregon, totaling 443,000 sq. ft.)

Fred Meyer chairman Oran Robertson told shareholders that "we plan to add new stores at an accelerated rate, and expect to increase our retail square feet by 450,000 to 600,000 sq. ft. each year." He said \$52 million was set aside for the 1981 additions.

Sales at Fred Meyer rose 16% for the year ended Dec. 31, 1980, to \$972.8 million. This was a 53-week year; on a 52-week basis, sales increased 14%. Earnings from continuing operations grew by 20% in the year, to \$26.5 million.

Pamida Climbs Back to Profitability

OMAHA—Pamida, now owned by its employees after a trust-fund buyout of the old company's assets, is climbing back toward profitability levels which it enjoyed prior to an earnings plunge in 1978, with tighter merchandise controls and programs beginning to show effects.

For the current fiscal year, executives at the chain look for a volume increase of 1.8%, to \$343.2 million from last year's \$337.2 million. This will be done on a smaller store base due to closings last year, so per-store gains will be much stronger.

(During the quarter ended April 30, 1981, for instance, sales were up 2.95% from first-quarter sales of the year before but comparable-store sales were ahead by 7.8%. Pamida had 10 fewer stores in operation than during the first quarter of 1980, and 206,000 sq. ft. less selling space.)

Store count during 1981 remained constant, with a handful of openings replacing closed stores. However, the 186 stores to be in operation by December will give Pamida a total of 75,000 sq. ft. more in selling space than the 186 stores it operated in January.

The game plan for next year is essentially the same: Store count will remain stable, according to present plans, but executives at the chain expect to end calendar 1982 with 100,000 sq. ft. more in selling space than at the beginning of the year.

The biggest change at the chain this year has been in ownership. Pamida's employees bought the chain under an Employee Stock Ownership Plan in a deal involving \$19 million in bank financing, the first such arrangement in the industry.

Ron Curtis, senior vp of finance at Pamida, expected the move to ultimately improve the bottom line through increased labor productivity and smaller staff turnover.

Based on the ratio of salary to ESOP payroll, each employee is allocated shares of stock in the corporation. Because the value of each employee's holdings in Pamida stock will thus snowball, the plan is expected to reduce employee turnover. The first 200,000 Pamida shares will be released by the banks in January 1982, and be divided during the first quarter of the year among approximately 4,000 Pamida employees.

With the change in ownership, resignations came from "old" Pamida's chairman, D. J. Witherspoon, and vice chairman L. E. Wegener. The board of directors set up to run the "new" Pamida includes four of the plan's trustees and five outside members. The four ESOP members are president C. Clayton Burkstrand, Curtis, senior vp of accounting and financial administration John Weisner, and senior vp of ad-

ministration Herb Underwood.

In merchandising changes, the last two years have seen drastic reductions in inventory at Pamida, as the chain seeks to boost turns from an average of approximately three to four a year.

Higher-ticket merchandise is being brought in for hard goods programs (such as a ceiling fan program incorporated into a chainwide energy-related program). Hard lines were also

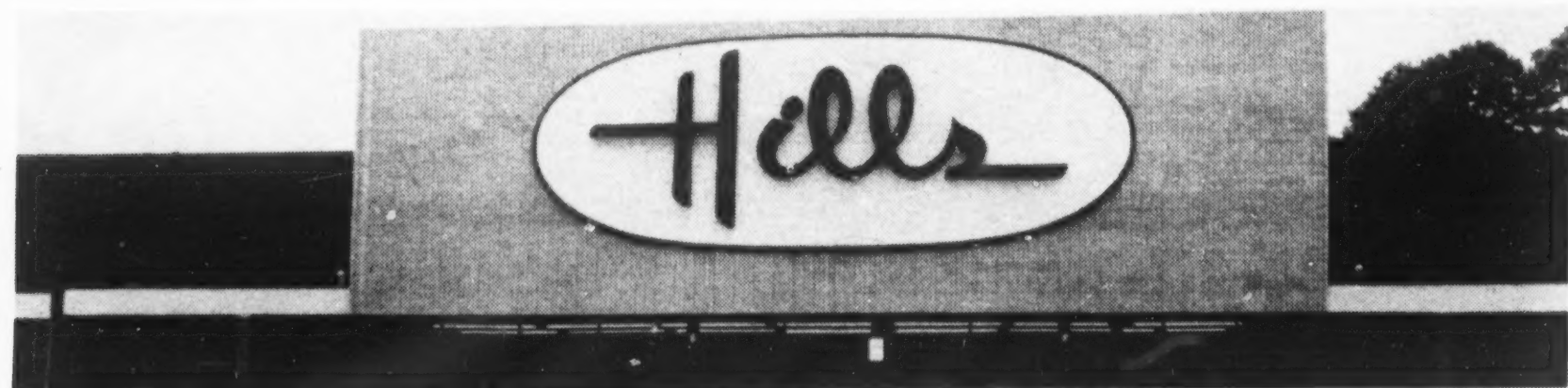
completely planogrammed chainwide this year for the first time.

In soft lines, the chain has been upgrading both merchandise lines and presentation. Waterfall racks were used for summer seasonal tops for the first time. An improved assortment of jeans boosted sales in the category more than 20% over last year. An apparel buyer at the chain noted tighter

(Continued on page 116)

Get on the fast new ANCO

Discount Store Census '81/'82



Hills to Reach 100 Stores Next Year

CANTON, Mass.—If expansion continues at its current rate, Hills will grow to 93 units by year's end, and will hit 100 stores by 1982.

The new growth will focus on the metro markets in the 11-state (midwestern and eastern) territory where the chain currently operates.

This year Hills opened stores in upstate New York and in the Greater Pittsburgh and Nashville markets. Most recent openings included two stores in Niagara and Buffalo, N.Y.—former W.T. Grants—where the chain now has six units. A seventh store will be opened in the area this fall. The 1981 expansion calendar also called for new units to be

opened in West Mifflin (Greater Pittsburgh), Sharon, Butler and Oil City/Franklin, Pa.; Anderson and Bloomington, Ind.; Amherst, Ohio, and Hendersonville (Greater Nashville), Tenn.

New Appointment

The year also marked the retirement of the chain's founder and president for 24 years, Herbert Goldberger. He was succeeded by his son Stephen A. Goldberger, formerly executive vice president.

The senior Goldberger's retirement also prompted several other executive suite changes: Peter Hayes, formerly vp, hard lines, became executive vp; John C. Brouillard was ap-

pointed vp of finance and administration after serving as senior director; Eugene J. O'Donnell took over Hayes' former spot, moving from divisional merchandise manager, hard lines, and Leonard M. Casey, a former hard lines buyer, became divisional merchandise manager.

The chain also began several new merchandise assortment and presentation tests this year. A gourmet housewares department was unveiled in the new Buffalo store, and an expanded lobby—housing plant, candy and tobacco shops—was also introduced into the new upstate New York stores. The gourmet housewares section—

(Continued on page 116)

Kansas-Based David's To Widen Okla. Thrust

WICHITA, Kan.—Look for David's to expand its base in Oklahoma in 1982 and in the future. The Kansas-based discount chain, with a new operations manager, is also looking for a 21% increase in sales this year and added emphasis on soft lines, which traditionally have comprised its lesser categories.

The eight-store chain expects to start the Oklahoma expansion with a new store in Tulsa, said David Taylor, president of MYF Industries, parent company of the chain. There are currently two David's in Tulsa, but Taylor and his management team—which includes the new vice president of operations, John Hermesen, and several former Pizza Hut executives—see real growth potential for Tulsa.

"We really need three stores there now," said Taylor, who thinks the market might also bear a fourth store in the near future. The company president also envisions getting into a lucrative Oklahoma City market

as well.

"We expect to build one store per year for the next five years at least," Taylor said.

David's currently has five stores in Wichita, its home turf, and considers that market "saturated." The newest Wichita store opened in November, and like a store opened in Broken Arrow, Okla., in May, displays the chain's newest prototype.

The new prototype sticks to 60,000 sq. ft., the size of older David's. Although the new stores maintain the traditional 65-35, hard lines/soft lines merchandise mix that is also typical of older David's, more attention and space have been given to soft lines.

"Soft lines gained more space; we expanded the categories and went to better presentations with updated fixtures," said Hermesen. Other stores are being reset to the new prototypes and are scheduled to be brought up to date by next year.

Taylor said the company is expanding soft lines to improve gross margin dollars and meet competition.

As in hard lines, soft lines comprises 95% branded goods, which sets David's apart from most discounters within its competition area—Target, T.G. & Y., Woolco, K mart and Wal-Mart.

"The closest thing to us is Target," commented Taylor.

David's will achieve sales of \$66,500,000 this year. Projected sales for 1982 are \$80,000,000, said Taylor.

The corporation president believes Hermesen will contribute to increased sales, given his merchandising background. The new vp for operations formerly served as district manager for a seven-store ShopKo division in Wisconsin that had sales of \$139 million.

Hermesen, 34, came to David's in November after 13 years with ShopKo. He was promoted to vice president in January, when MYF also promoted Mike Dart to vice president and coo of MYF in charge of David's and the company's Pizza Hut franchise division. (MYF has franchise rights to 80 Pizza Huts in Florida, Pennsylvania, Alabama and Illinois.)

Dart served as president of David's from 1978 until his promotion. Dart was previously vice president for financial planning for Pizza Hut. Taylor, himself a Pizza Hut alumnus (he was financial vice president there before coming to MYF in 1977), has also recruited several other former Pizza Hut executives for key management positions at David's.

David's vp of finance is Gary Simmons, who formerly oversaw a \$100 million seven-franchise division of Pizza Hut. He joined MYF two years ago as head of its now pared-off record division, was then elevated to treasurer of David's and more recently promoted to vice president.

The industrial relations manager of David's is Mike Cain, who held numerous positions in the Pizza Hut franchise service division. Cain, a CPA with several years of personnel experience, stepped into a newly created position at David's to oversee security, personnel, warehousing and distribution.

Among other top management changes was the addition of John Caserta as marketing director. He was previously in

(Continued on page 115)

track with these traffic builders.

ANCO
Trade-in Specials

You'll pull right into fast traffic when you select one of ANCO's major fall promotions. Each comes with its own heavy-duty corrugated display (FREE when you subscribe to the program):

1. "SAVE ON A RAINY DAY" lets consumers order specially priced foul-weather merchandise directly from ANCO. Order blanks for ANCO's imprinted umbrella (\$8.95), rain slicker (\$11.95) and weather station radio (\$19.95) are attached right to the display. With the ongoing popularity of imprinted items — and the ongoing necessity for umbrellas, etc. — this program is a guaranteed sunny success.
2. "WEATHER OR NOT" offers a free fun booklet to ANCO customers. The booklet explores the fascinating facts and fallacies of weather and driving — while emphasizing the need for proper windshield wipers.
3. "ANCO'S TRADE-IN SPECIAL" encourages customers to trade in their old wiper blades for new ones — at special savings sponsored by the individual marketer (up to 50¢ off on a pair of blades). This program has been tested by various ANCO marketers — and proven successful across the country.

In addition to the materials listed, each of these exciting programs features window posters, counter cards and ad slicks. Call your supplier for all the details on all these programs — so you can start tracking big sales this fall with ANCO.

Or \$38.95 for all three — an additional savings.

ANCO
To see your way clear.

Gary, Indiana 46440

1981-82

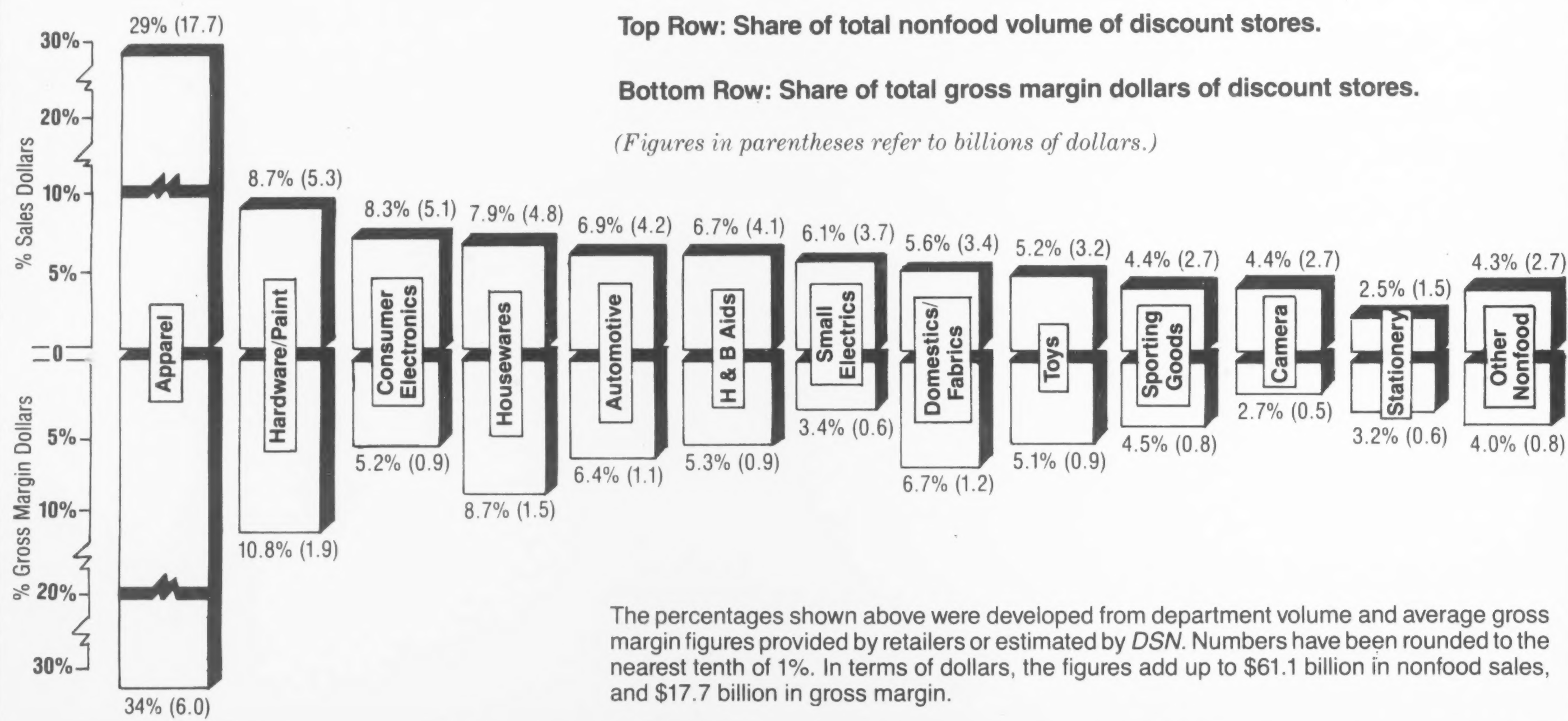
DISCOUNT STORE

CENSUS

MERCHANDISING

PROFILES

How Key Categories Contribute to Store



Upscaled Apparel Is a Hit

Upscaling of apparel assortments, which has brought increased sales through higher tickets and better turns, with little or no erosion of the maintained gross margin, has pushed the combined apparel departments to approximately 29% of the sales in the industry (much higher at some chains), producing more than a third of the gross margin dollars, DSN estimates.

Other departments gaining higher percentages of total sales included CE, housewares, H&BA, automotive, small electrics and domestics/fabrics.

Photo/camera departments slipped in percent of total sales, to 4.4% from 4.5% last year, but gained in gross margin dollar production to 2.7% of the total.

INDEX

Automotive	86	Housewares	55
Children's Wear	107	Jewelry	79
Consumables	111	Ladies' Apparel	103
Consumer Electronics	91	Lawn & Garden	77
Domestics	104	Men's/Boys' Wear	101
Electric Housewares	57	Paint	80
Fabrics/Sewing	111	Personal Care Appliances	63
Family Reading Centers ..	105	Photo/Cameras	69
Glassware	65	Records/Tapes	85
Hardware	93	Sporting Goods	76
Health & Beauty Aids	70	Stationery	78
Home Security	67	Toys	97

Sales Performance by Department

Category	Discount Volume in Billions	Sales Per Store (add 000)	Dept. Size	Annual Sales/ Sq. Ft.	Annual Turns	% Initial Markup	% Gross Margin
Ladies' Apparel	\$9.1	\$1,115	9,990	\$112	5.8	44%	36%
Men's & Boys'	6.1	747	7,560	99	3.9	41	33
Housewares	4.8	588	5,734	102	4.1	36	32
Automotive	4.2	514	2,280	225	4.2	32	27
Health & Beauty Aids	4.1	502	2,240	224	4.1	28	23
Hardware	3.9	478	3,215	149	2.8	41	36
Consumer Electronics	3.6	441	2,000	221	3.0	28	18
Toys	3.2	392	2,660	147	3.6	35	28
Sporting Goods	2.7	331	2,500	132	2.9	36	30
Photo & Camera	2.7	331	670	494	3.4	24	19
Domestics	2.4	294	3,120	94	3.6	42	35
Personal Care Electrics	2.3	282	900	313	4.2	22	16
Stationery	1.5	184	1,750	105	4.0	42	38
Records & Tapes	1.5	184	1,050	175	4.4	25	18
Small Electrics	1.4	172	900	191	3.9	23	16
Paint	1.4	172	1,270	135	2.7	42	37
Fabrics & Sewing	1.0	123	1,400	87	2.8	42	35
Jewelry	1.0	122	550	222	3.1	48	40
Glassware	0.5	61	600	102	4.2	42	37

(Source: DSN Research)

Discount Store Census '81/'82

Lifestyle, Gourmet and Tabletop Concepts Gain

Housewares

- Discount Store Sales .. \$4.8 Billion
- Sales per Store \$588,000
- Department Size 5,734 Sq. Ft.
- Annual Sales per Sq. Ft. \$102
- Annual Turns 4.1
- Initial Markup 36%
- Gross Margin 32%

BOXSCORE



Hills, Niagara Falls, N.Y., drapes domestics bath shop samples on displays of bath shop hard lines to create a fashion look for this merchandise. (DSN photos)

Housewares is taking on a new look in discount stores.

What once was a basics-only department has become the fashion flashpoint for traded-up hard lines, with the merchandising concepts now described as lifestyle, gourmet housewares and/or tabletop.

The trend is evident not only at such upscale chains as Target, Zody's, Venture, Jefferson/Ward and Bradlees, but also at such middle-of-the-road discounters as Hills, Clover, Fisher's Big Wheel, Jamesway and Zayre.

A number of factors are behind the new housewares merchandising direction for discounters, including:

- The vast amount of available fashion housewares. The flood of this merchandise engulfs new technology items, from flip chairs and modular chrome-and-glass furniture to such staples as glassware and kitchen tools in colors and designs that match the newest dinnerware and cookware decor.

- Growing customer demand for fashion housewares. Conventional department stores in the past half-decade have developed a market for this merchandise, and discounters are now exploiting this demand by offering fashion housewares at discount prices.

- Discounters' need to increase nonelectric housewares productivity. Addition of fashion housewares means inclusion of bigger-ticket merchandise that helps to boost total sales and generate more gross profit dollars.

DSN's analysis of the productivity of nonelectric housewares points up the department's mixed results and why chains are turning to fashion as a route to boost performance.

Discounters' total nonelectric housewares volume is projected at \$4.8 billion, up 14.3% from \$4.2 billion, with sales per store of \$588,000, an 8.3% gain from \$543,000.

Annual sales per square foot of \$102 represent a 7.3% increase from \$95.

These positive figures are countered by a 2.4% drop in annual turns to 4.1 from 4.2, a 5.3% decline in initial markup to 36% from 38% and a 5.9% slide in gross margins to 32% from 34%.

The bottom line is that while nonelectric housewares' share of total volume in discountland went up 3.9% to 7.9% from 7.6%, the department's share of total gross margin dollars dropped 1.1% to 8.7% from 8.8%. However, the total dollar amount of \$1.5 billion gross

(Continued on page 56)

WE FOUND A WAY TO TOP OURSELVES.

THERMOS INTRODUCES THE FLIP 'N' POUR.

What Thermos did for the vacuum bottle we've now done for the vacuum-bottle stopper. We've reinvented it.

The new Flip 'n' Pour stopper is so simple to open and close, you can do it with one hand. And its exclusive spout makes pouring easier than ever.

Which also makes it easier than ever for you to make money. Because the new line of Thermos brand bottles with the foolproof stopper should attract a steady stream of customers.

And besides creating a great

new stopper, we're helping to create demand with major television support.

So call your Thermos Sales Representative today for details about the new Flip 'n' Pour. The stopper designed to make people stop and buy the Thermos brand vacuum bottle that comes with it.



THERMOS

Thermos is a registered trademark of the King of Kings.

HOUSEWARES

Discount Store Census '81/'82

Chains Eye Better Fashion Lines For Growth



The quintessential discount mass display of housewares is seen in the bulk presentation of plastics in the new prototype unveiled by K mart, High School Road, Indianapolis.



Fashion merchandising of housewares in Jefferson/Ward, Bordentown, N.J., includes use of specialty fixtures for cookware and kitchen tools with a shop setting. (DSN photo)

THERE MUST BE GOLD IN THAT THERE ALUMINUM!

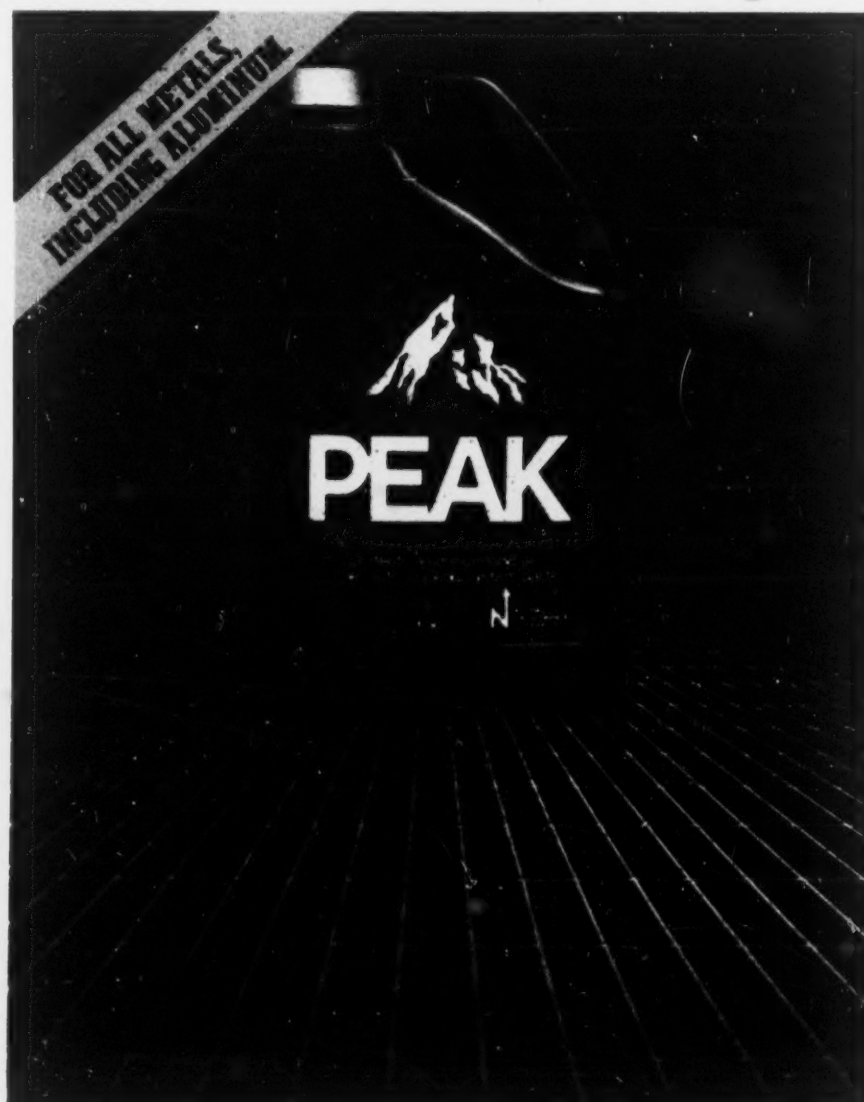
From the looks of the advertising these days, everyone's joining the Aluminum Rush.

Everyone except PEAK.

PEAK® antifreeze & coolant has always provided unsurpassed anti-corrosion protection for all metals, including aluminum.

This year's PEAK is no different. Except that we've improved our aluminum protection to exceed the requirements for today's and tomorrow's aluminum-component engines.

So, if you'd like to strike it rich in aluminum this year, do what savvy car owners will be doing: Reach for the PEAK.



(Continued from page 55)

margin dollars was up 7.1% from \$1.4 billion.

The new housewares merchandising approach has seen Clover combine glassware, dinnerware, servingware, flatware and cutlery in a 525-sq.-ft. tabletop shop section set off from the rest of housewares by woodgrain-finish gondolas.

Hills, meanwhile, is testing a 360-sq.-ft. gourmet housewares area called Creative Housewares that features copper and stainless steel cookware and accessories, plastic storage goods and Corning Ware.

Fishers Big Wheel has positioned KD furniture between housewares and domestics so that the entire area is now merchandised as home furnishings and home decor.

A Venture merchandiser summed up the reasoning behind the new look for housewares by noting that cross-merchandising traded-up items is vital, with the right adjacencies of the fashion goods creating additional sales. He added that high-end lifestyle goods have been outselling lower-priced items because of the tie-in presentation of housewares with a fashion appeal.

Discounters are turning to traded-up fashion housewares as a growth area, as sales of other nonelectric housewares have peaked and are showing slower, albeit steady, growth. SilverStone coated cookware, for example, has become such a staple that a growing number of discounters are now using imported unbranded goods with just the word SilverStone to be able to offer sets at under \$40.



Zayre, Miami, features a different item on each of the four sides of the square, freestanding, promo unit developed by the chain. (DSN photo)

Discount Store Census '81/'82

Basics Are Strong, But Hot New Item Is Needed

Electric Housewares

- Discount Store Sales .. \$1.4 Billion
- Sales per Store \$172,000
- Department Size 900 Sq. Ft.
- Annual Sales per Sq. Ft. \$191
- Annual Turns 3.9
- Initial Markup 23%
- Gross Margin 16%

BOXSCORE



K mart is one of the few discounters to offer an extensive array of private label traffic appliances. This merchandise is regularly featured on endcaps, as in Indianapolis store. (DSN photo)

The lack of hot new traffic appliances this year has forced discounters to develop their own electrics promotions to draw customers.

This state of affairs—a repeat of what happened last year—has hurt the 1981 outlook.

DSN's projections for the category shows discounters' total electric housewares volume will go up only 7.7% to \$1.4 billion from \$1.3 billion. More importantly, this sales gain will come about almost entirely from new store openings, with volume per store remaining flat at \$172,000 and sales per square foot also showing almost no growth at \$191.

The need for discounters to generate their own promotions for small appliances means that initial markups will drop 4.2% to 23% from 24%. This move will also keep turnover constant at 3.9 turns and gross margins at 16%.

While discounters were bemoaning the lack of exciting and innovative new traffic appliances, they were quick to note that basics continued to be strong and that such items as drip coffeemakers with timers and electronic controls had revitalized the entire electrics area.

("Super," in fact was the word used by a T.G. & Y. merchandiser to describe timer-model drip coffeemakers. That chain was one of a number of discounters planning to expand their offerings of traded-up drip coffeemakers this year.)

Still, much of the category's action has been taking place in lower priced basics. A Jamesway merchandiser summed up the situation when he declared that inflation had made consumers very price conscious and that traded-up small appliances moved best only on promotion.

The weakness in sales of higher priced appliances can be seen in the limited number of chains merchandising microwave ovens, traded-up convection ovens and electronic countertop ovens.

High-end discounters such as Jefferson/Ward, Caldor and Target have been able to merchandise microwave ovens priced up to \$500 as everyday price points, while Hills, a middle-of-the-road discounter, relies on about \$250 for the bulk of its volume movement.

Other discounters—Bradlees, Magic Mart and T.G. & Y. among them—have either experimented with microwave ovens and then dropped them or else avoided the category altogether.

(Continued on page 58)



We took our original idea and had a picnic with it.



Since 1907, Thermos® Brand has been the world's most recognized name in keeping hot things hot. And cold things cold.

And now, for 1982, we're gaining even more recognition with our largest selection of jugs and coolers ever. From our 6.6 quart L'il Sunpacker™ to our big Sunpacker™ and Double Six Packer™—all the way up to our 96 quart Deluxe Cooler.

So keep looking for the exciting new products from Thermos. Your customers will have a picnic. And you can feast on the profits.

For more information, contact your Thermos representative.

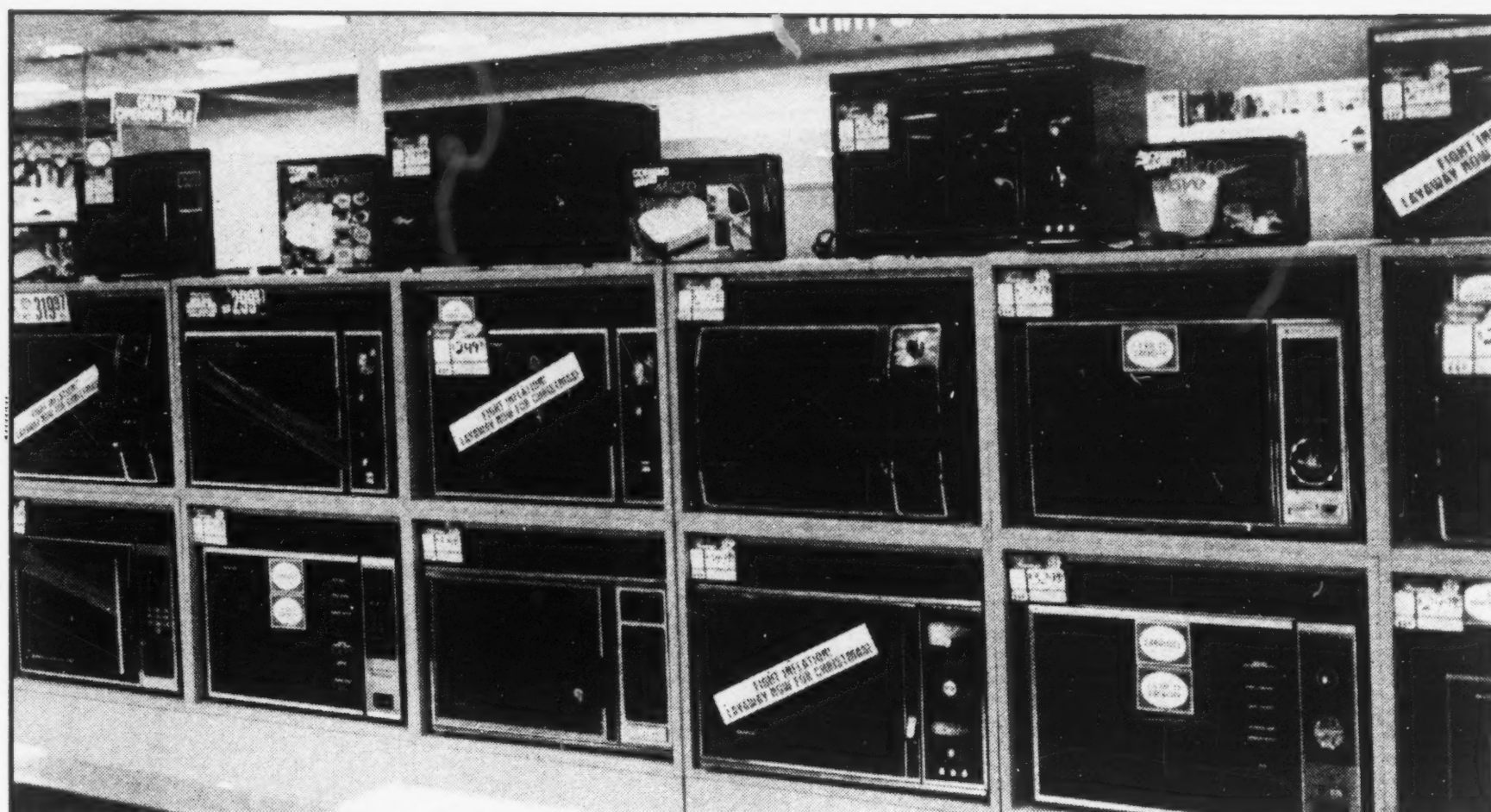
The Original American
THERMOS
Company

• THERMOS IS A REGISTERED TRADEMARK OF THE KING-SEELEY THERMOS CO. THERMOS DIVISION KING-SEELEY THERMOS CO., NORWICH, CT 06360 (203) 887-1671

ELECTRIC HOUSEWARES

Discount Store Census '81/'82

Chains Are Thrown on Their Own to Boost Sales



While many chains are avoiding the microwave and convection oven business—afraid consumers will resist the price points—Zodys is going full speed ahead. (DSN photo)



Meijer's Thrifty Acres, Troy, Mich., uses long, hypermarket-type presentation for traffic appliances. Samples are shown at eye level, with boxed stock below and above.

(Continued from page 57)

To overcome the lack of new-product excitement, discounters are resorting to their own efforts to stimulate the category.

K mart has taken to offering rebates for its own private label drip coffeemakers, including featuring its models in full-page ads that played up rebated appliances only.

Jamesway has picked out six traffic appliances to spotlight as part of its 116-item inflation fighter program which will offer the selected items at sharp everyday prices to create a low price image for the chain.

Magic Mart went to a direct shipment program for most traffic appliances. The move is seen as generating more gross profit dollars for the category and helping the chain to feature selected items at very low prices in ads.

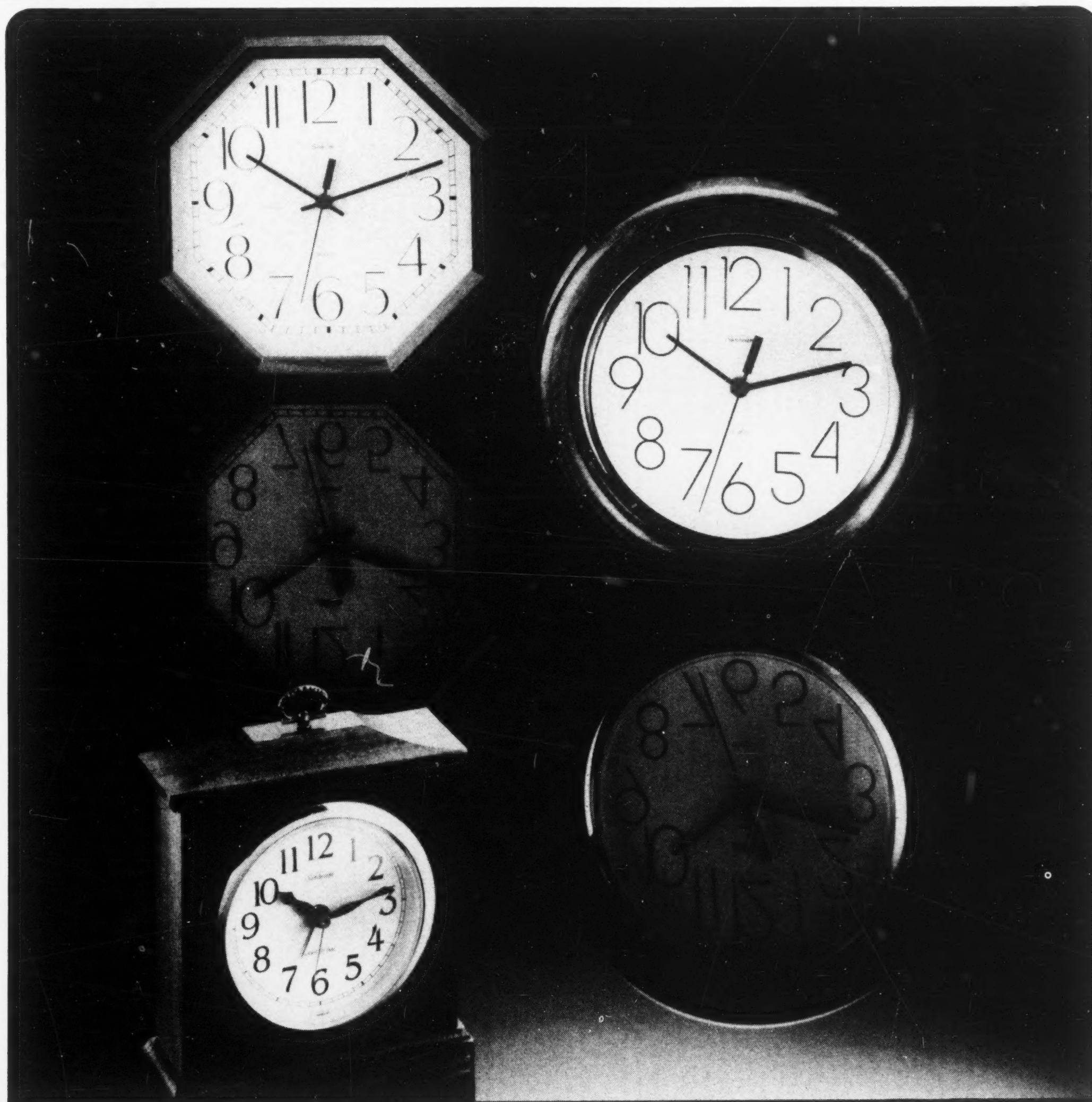
Toaster-ovens, a basic that is heavily promoted by a number of discounters, will be featured by Roses in a greater number of ads this fall. This effort will include the traded-up model that has a larger cavity and a continuous-clean feature.

The final tipoff on the state of the small-appliance business can be seen in the outlook for hot air popcorn makers—the only item that came even close to being a hot electric last year.

A Zodys buyer summed up the situation by noting that manufacturer prices for this item have stabilized so that sales should only remain strong—not jump ahead of last fall's volume.



K mart gives its La Collection Fleurs, one of the chain's two controlled brands, endcap feature space, as shown in its Troy, Mich., store. (DSN photo)



The Fabulous Faces

A striking new collection of genuine wood timepieces.

They're fresh. They're exciting. They're in rich, solid wood. And they're the first new group of great-lookers from SUNBEAM. The name your customers count on for high quality and value.

The designs are sleek, crisp. And come in a variety of wall clock and alarm clock styles that are polished to perfection in warm grains of walnut and other furniture finishes. Handsome? Of course. And with pricepoints under \$30.00, they're sure to be profitable fast-movers. Don't waste another minute. Call today for more details on SUNBEAM's Fabulous Faces. They're beautiful to look at . . . and even more beautiful to sell.

260 Railroad Ave. Hackensack, N.J. 07602

Sunbeam
CLOCK COMPANY

Phone: (201) 342-2700

PERSONAL CARE APPLIANCES

Discount Store Census '81/'82

New Items Seen Helping Dept. Lift Sales 15%

Personal Care

- **Discount Store Sales** .. \$2.3 Billion
- **Sales per Store** \$282,000
- **Department Size** 900 Sq. Ft.
- **Annual Sales per Sq. Ft.** \$313
- **Annual Turns** 4.2
- **Initial Markup** 22%
- **Gross Margin** 16%

BOXSCORE

Personal care appliances are shown on angled shelves for easier customer viewing in K mart's new prototype store on West Washington Street, Indianapolis. (DSN photo)

Will personal care appliances be a hot category this year?

Discounters think so and point to air cleaning machines, butane-powered hair curlers and heat wrap/cold pack wraps as the merchandise that will do the job.

DSN's projection of personal care appliance productivity this year indicates that the category is ready to take off. Total industry volume for the category is expected to jump 15% to \$2.3 billion from just \$2 billion, while store sales are targeted for a 10.2% increase to \$282,000 from \$256,000 and sales per square foot will show the same gain, going from \$284 per square foot to \$313.

The higher volume performance will enable personal care electrics to maintain a 4.2 annual turn, a 22% initial markup and a 16% gross margin.

The initial markup and gross margin figures are the lowest, overall, for any hard lines department and denote the great reliance that discounters place on personal care appliances as a key gift area for both back-to-school and Christmas.

Merchandisers expect the category to live up to its reputation as a key holiday promo area and pointed to the three hot classifications as the reason why.

Air cleaning machines, in fact, have already started to develop a track record as a promotional item. Most discounters started to show the items either late last year or this past spring.

A Heck's merchandiser called them a "sellout item" after doing very well with one model featured as a gift in the spring. The discounter has since expanded its assortment.

Merchandisers are high on air cleaners because the classification generates repeat business for the replacement filters.

A Nichols merchandiser asserted: "The category has great potential because consumers have become very conscious about their environment."

The potential for butane-powered hair curlers, while not as certain, is generating interest among buyers, although to date the industry is divided on the future of the item.

A Fishers Big Wheel merchandiser called the item "a revolutionary product" that could

(Continued on page 113)

Top-quality Trim® nail clippers offer excellent performance both on and off the shelf. Unconditionally guaranteed Trim manicure implements are proven sellers. Backed by national consumer advertising and packaged for eye-catching



customer appeal.

Carry the full line of Trim manicure implements (20 SKU's and growing!). Give yourself the edge.

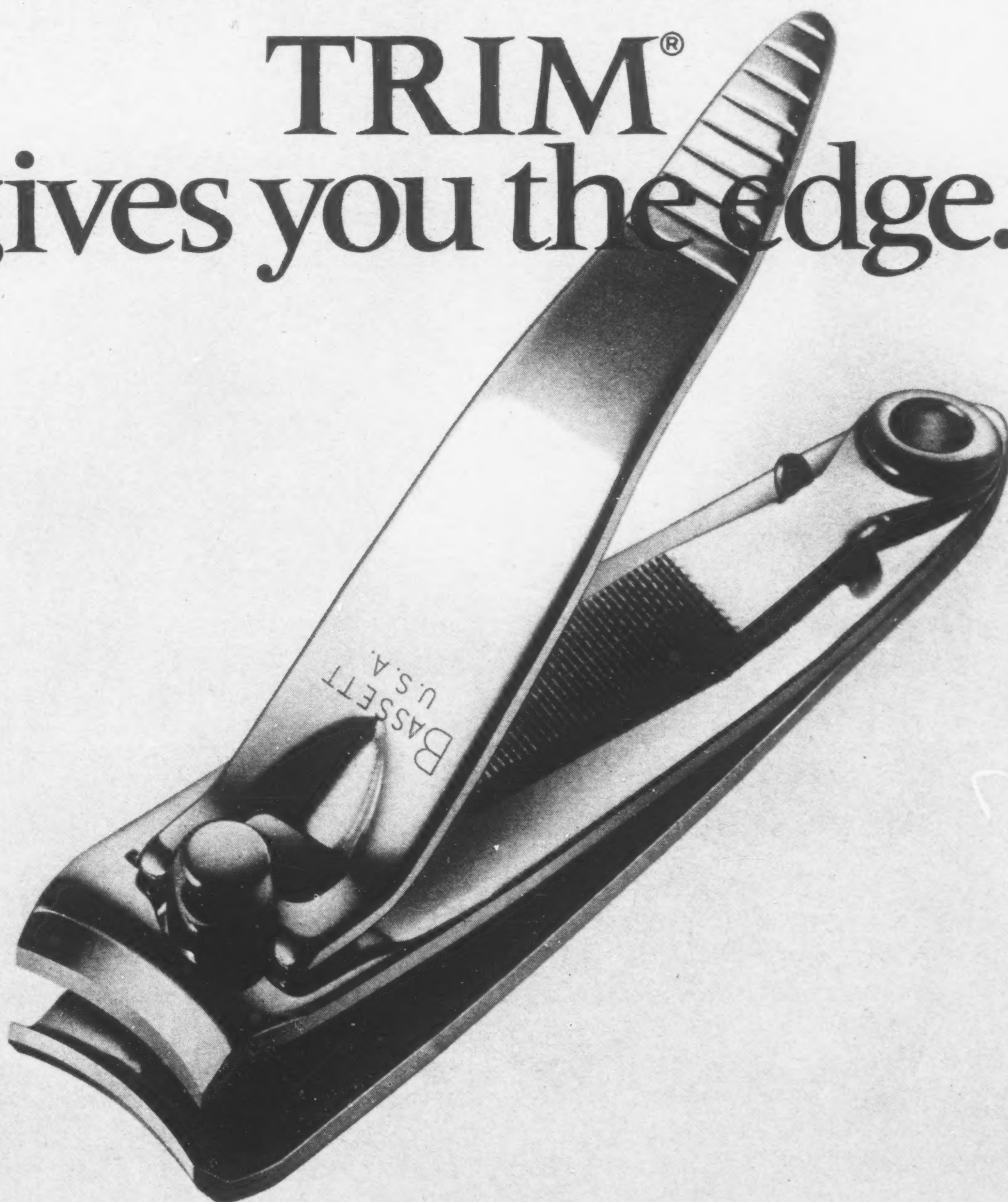


The W.E. Bassett Company, Derby, CT 06418

Call The W.E. Bassett Co. at (203) 735-1825

to find out how 12 of the 25 leading Discount Chains already have the edge.

TRIM®
gives you the edge.



Discount Store Census '81/'82

Fashion Is THE Trend; Strawberry Shortcake Hot

Glassware

- Discount Store Sales . . \$0.5 Billion
- Sales per Store \$61,000
- Department Size 600 Sq. Ft.
- Annual Sales per Sq. Ft. \$102
- Annual Turns 4.2
- Initial Markup 42%
- Gross Margin 37%

BOXSCORE



Glassware displays in Jamesway, Flemington, N.J., include packs and boxed sets for beverage ware, bulk presentation for glass accessories and pegboard hooks for mugs. (DSN photos)

Fashion continues to be the big news in glassware—with Strawberry Shortcake the hottest seller—but discounters are also looking beyond their immediate merchandising programs toward the jockeying among manufacturers for market shares.

The two big domestics manufacturers—Libbey Glass and Anchor Hocking—for the first time in a number of years are facing strong competition from revitalized American companies, while a growing number of European producers are making a determined effort to capture a larger share of the United States market.

Thus, discounters are feeding the newest designs from the domestic vendors into their glassware department and testing goods from overseas manufacturers.

The fashion focus for glassware has produced big jumps in the department's productivity. DSN projects discounters' total glassware volume will increase 25% this year to \$500 million from \$400 million. There will also be corresponding gains in sales per store of 22% to \$61,000 from \$50,000 and a 22.9% advance in annual sales per square foot from \$83 to \$102.

These improvements will let glassware retain its leading status in the total housewares area with 4.2 annual turns, a 42% initial markup and a 37% gross margin, among the highest of any hard lines categories.

The jockeying among American glassware manufacturers has been felt in the fashion area: Anchor Hocking's license to produce Strawberry Shortcake forced Libbey Glass into this fashion/character area with a competing design.

At the same time, Corning Glass entered the glassware field through its Corning Design company. Among the new company's first efforts were striped glassware with trims that coordinate with Corning Glass dinnerware, and storage jars that coordinate with Spice O' Life cookware patterns.

Corning Glass' move, in turn, prompted other glassware makers to introduce their own glassware lines that coordinate with Corning Glass dinnerware.

Discounters have been selectively adding the various coordinated glassware programs to

(Continued on page 113)

ORTHO AMMO.

HIGH-POWERED PROMOTION... ON-TARGET ADVERTISING... SUREFIRE SUPPORT.

ORTHO is rolling out the heavy artillery to help bring armies of customers to your store. It's our most extensive advertising and promotion campaign ever, featuring:

- More TV support than ever before, with more reach on high-impact primetime and news shows.
- Our heaviest radio schedule ever, with special emphasis on weekends.
- Umbrella print campaign in major national publications such as Reader's Digest and Better Homes and Gardens, plus regional publications like Sunset and Southern Living.
- Seven new titles in our ORTHO How-To books collection, giving you a year-round profit center and a natural source of tie-in promotions.

Stock up on ORTHO products—and watch your profits grow.

ORTHO
Chevron Chemical Company

Discount Store Census '81/'82

New Legislation Seen Sparking Smoke Alarms

Home security departments have experienced a spotty year.

The fire is gone from smoke alarms; lockset volume varied greatly between metropolitan and rural-market chains; floor-model safes made inroads at some chains, and automatic garage door openers were closed out at others.

In smoke alarms, hopes for future volume growth rest with new products, such as portable "travel" alarms, and with new legislation requiring alarms in new buildings in many cities. For now, margins of less than 10%, required if a chain is to remain competitive, have created a "trading dollars" situation in the category.

New York, Dallas, Oklahoma City and Kansas City are among municipalities that have enacted or are considering legislation requiring smoke alarms in some or all types of residences, benefiting stores located there.

T.G. & Y. is one of the chains gearing up for the second wave. The discount store went from two sku's to three this year by adding a GE unit at \$16.99. A spokesman at the chain said some volume pickup has already been noted due to new laws. T.G. & Y. has decided to take a wait-and-see stance on new portable smoke alarms despite the slight growth in current sales.

A spokesman at S. E. Nichols said his chain also looks for a pickup in the category this fall. The chain currently stocks three sku's, all First Alert, from a low end of \$13.99 to a \$21.99 high end (model with safety light).

The category is still promoted by chains—a sampling of recent ads shows K mart at \$10.97, Zody's at \$13.99 and Caldor at \$18.70 on various models—but frequency of promotion is far smaller than in past seasons due to a loss in traffic-generating power.

A spokesman at Roses, which used to promote the category in nearly every circular, said ad dollars are now concentrated on other items with higher turn. Recent tests on a unit to add to the chain's two sku's at the low end were discouraging, the spokesman said.

Chains have found a growing market in products designed to protect valuables if a home *does* burn down, such as fire-resistant security boxes and home safes. Bradlees and Venture are among those using fire resistant boxes in promotions—recently \$9 at Bradlees and \$11.99 at Venture.

In the file and desk accessory category, four of the top 14 dollar volume items for 1980 at Boston Distributors were security chests.

As a very large step-up from this, home safes are being tried increasingly by discounters, bringing hefty volume per unit sold; Zayre's recent promotion of a Sentry safe was at \$96.76.

Jefferson/Ward also has high hopes for the category, expecting expansion from its present two-sku offering, according to a spokesman there. The chain currently carries a safety box and a 1,700-cubic-inch floor safe.

T.G. & Y. expanded its line of security boxes this year, adding keylock and fire-resistant models. The chain also ran tests on a floor safe, and, on the basis of promising sales results, has decided to add an imported 146-lb. safe. It will retail

near \$100.

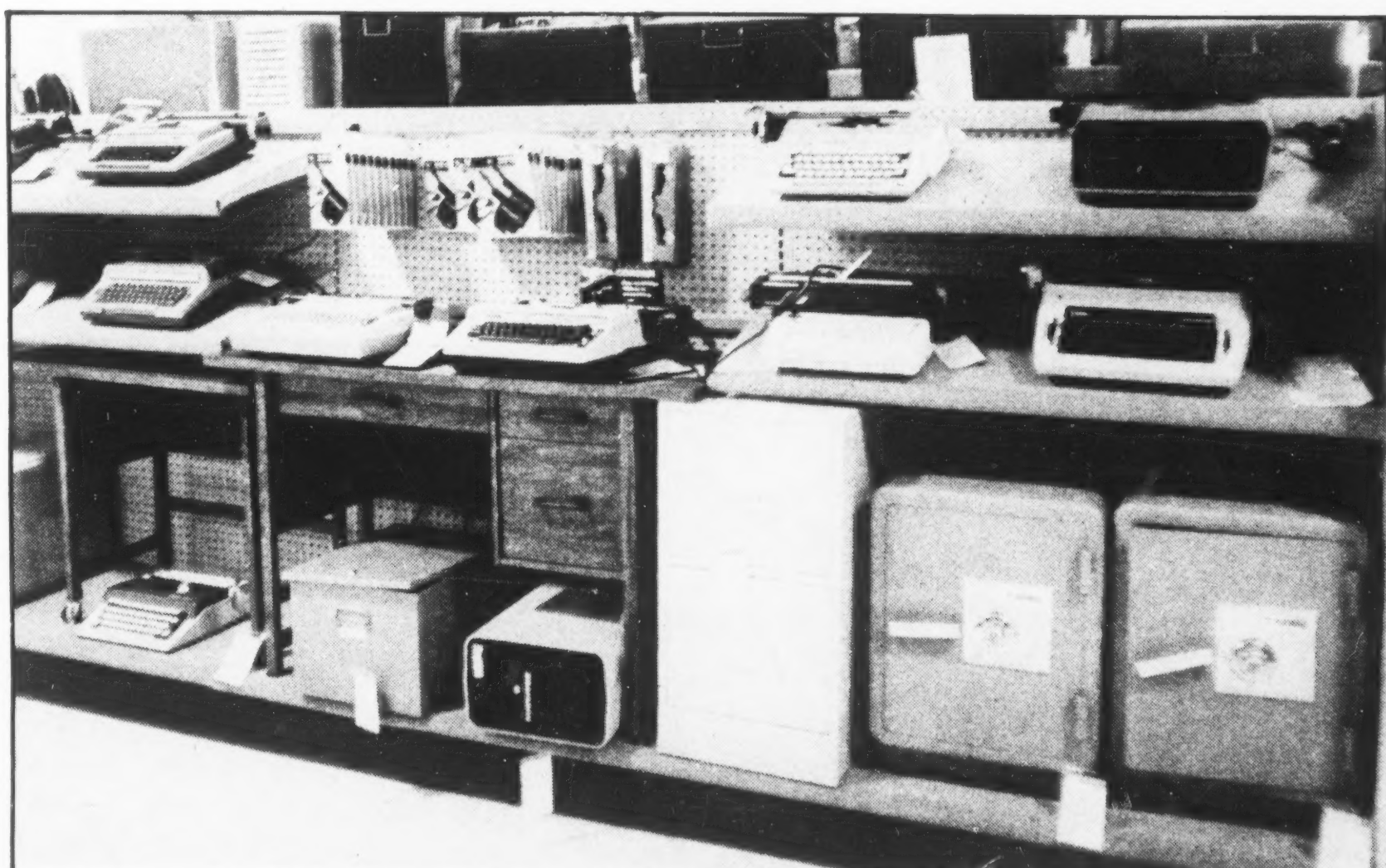
Even some chains servicing rural market areas, where security items often show slow growth, have had success with safes. Washington-based Yard Birds, for example, saw steady growth in its two-sku offering in safes and recently added a third sku as a low-end floor safe.

Yard Birds markets a Sentry security box as a letter safe at \$39.95 and a Sentry floor safe (1,700 cubic inches) at \$159 and \$169 in promotions. The new floor safe, a Saga, carries an everyday price of \$159 and is promoted at \$99.

Certainly among the highest-ticket security items in the industry are those in Jefferson/Ward's camera department. The chain recently moved home security consoles from unattended displays to the camera department, in order to aid movement.

The consoles carry tickets of \$300 to \$350, and failed to move significantly without salesman

(Continued on page 95)

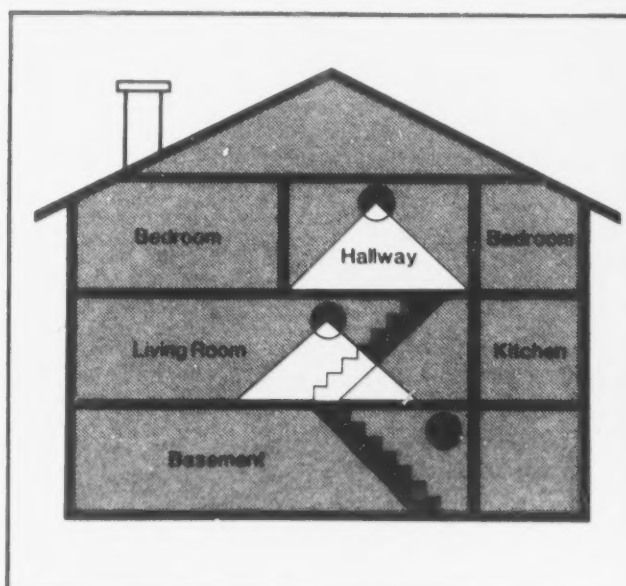
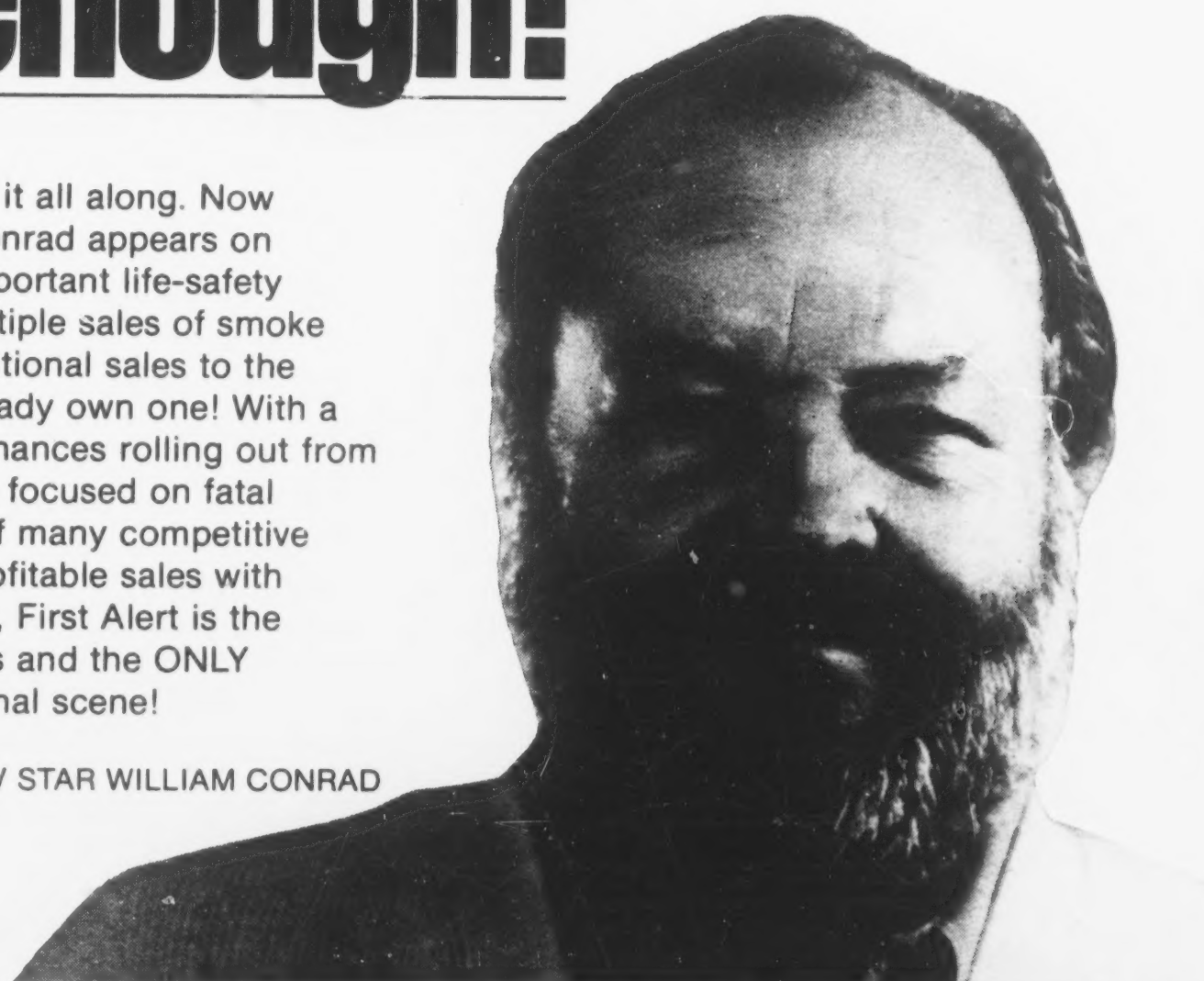


Hardware and stationery departments meet as discounters add high-ticket safes and fireproof boxes to their mix. This display is in Best's Fairfax, Va., showroom. (DSN photo)

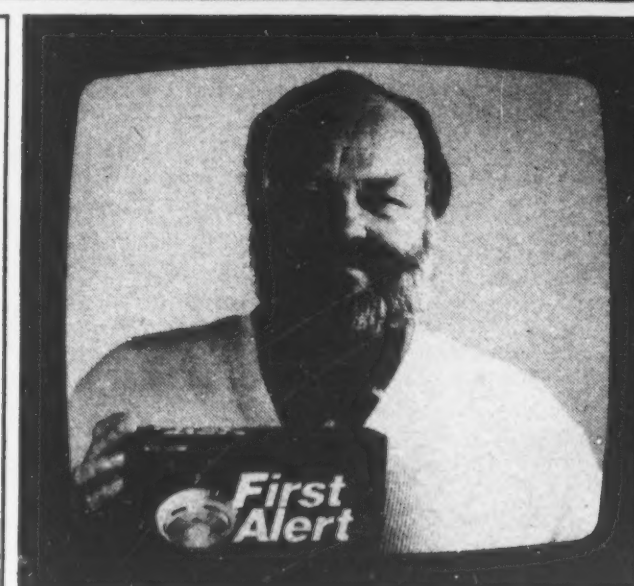
"I'm telling millions that one smoke alarm is not enough!"

Fire prevention experts have said it all along. Now First Alert Spokesman William Conrad appears on network and spot TV with this important life-safety message that will help create multiple sales of smoke detectors to non-owners and additional sales to the safety-conscious people who already own one! With a new wave of smoke detector ordinances rolling out from major cities . . . national attention focused on fatal fires . . . and the disappearance of many competitive brands . . . the opportunity for profitable sales with First Alert looks great. Remember, First Alert is the leading producer of smoke alarms and the ONLY consistent advertiser on the national scene!

TV STAR WILLIAM CONRAD



The First Alert Plan Sells every-level protection. For the typical two-story house it recommends Escape Light™ smoke detectors on first and second floors, plus a regular First Alert in the basement.



William Conrad promotes the First Alert Plan on network and spot TV, making 327,099,000 gross impressions in November and December alone!



Strong Promotional Support includes ad slicks, giant full-color banner, a full-color easel-back P.O.S. display card and consumer rebates.

First Alert®

America's leading producer of smoke detectors.

by PITWAY®

Discount Store Census '81/'82

Biz Generally Dull, But 35mm Cameras Click

Photo/Camera

- Discount Store Sales .. \$2.7 Billion
- Sales per Store \$331,000
- Department Size 670 Sq. Ft.
- Annual Sales per Sq. Ft. \$494
- Annual Turns 3.4
- Initial Markup 24%
- Gross Margin 19%

BOXSCORE



Caldor gives prominence to a broad assortment of high-margin accessories, as at this Taunton, Mass., store. Competition industrywide keeps camera margins thin—less than 20% in frequent promotions. (DSN photo)

It has been a tough year so far in the photo department, with a slowdown in camera sales leading to a corresponding slowdown in accessory and film volume at some chains.

Sales in the department industrywide are up 8% from a year ago, though most of the increase is from new-store gains. Sales per store have increased a modest 2.5% over the year.

Turn in the department is down, 3.4 compared to 3.6 a year ago. The good news, however, is that increased sales of 35mm cameras (where margins are better than on pockets or instants) have helped contribute to higher markups and gross margins in the department.

Initial markup of 24% is one point better than the 23% initial markup of a year ago, and a gross margin of 19% is a full two points better than the 17% in the department last year.

Several chains made changes in film merchandising this year, in an effort to speed turn without excessive promotion. Film, flashes and other accessories were moved outside of glass counters at Fisher's Big Wheel, for instance, and put on end-caps. Target and several other chains made the move a few years ago. Having those goods in a more accessible, self-service area has increased movement, improved department productivity and helped compensate for slow camera sales, according to a spokesman there. The chain looks for a 12% increase over last year in film sales this Christmas season.

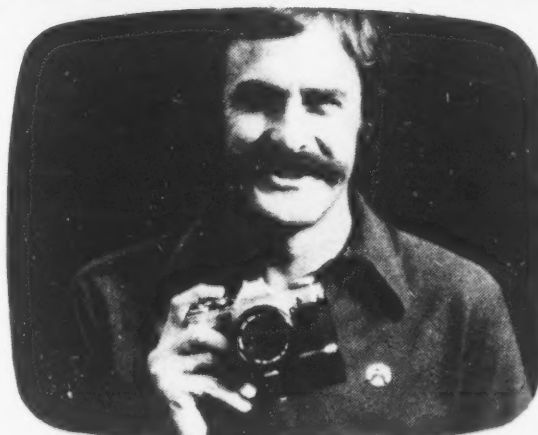
At Heck's, where film sales this year are 7% ahead of last year, a sales increase of 50% is looked for in the category for the Christmas season. A "photo center" display will be put near the front of stores chainwide, following tests in selected stores last year. The chain will also use promotions in November to spur interest in the category.

Heck's is also among those chains beefing up efforts in photofinishing, simplifying its operations by using fewer—but larger—processing plants which allows the chain to promote more frequently (by eliminating the need to coordinate prices between several plants). Kansas-based David's made a similar change last year, and was able to double its pho-

(Continued on page 119)

Canon. The Brand Your Customers Ask For.

Canon is the world's leader in 35mm photography. With nationally advertised cameras like the Canon AE-1, the A-1 and the totally automatic Sure Shot AF35M, it's no wonder. From coast to coast, millions are exposed to Canon advertising every day. On television, in national magazines and newspapers. There are also millions of satisfied Canon camera owners in the U.S. who are also out spreading the word.



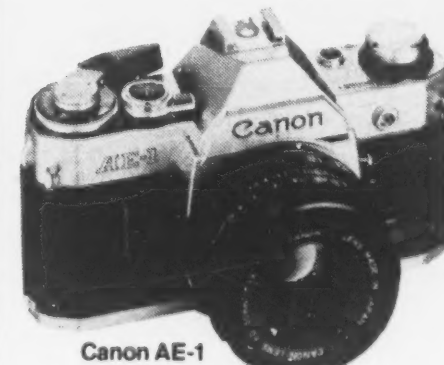
The word is Canon. Ask your own people at the point of sale: they'll tell you it's the brand most people ask for. Whether they want a simple snapshot camera, a sophisticated SLR with all the accessories or even a movie camera, they ask for Canon. So it pays for you to stock as many different Canon models as you can to give your customers the variety they need and the brand they trust.

SLR CAMERAS



Canon A-1

Canon "A" Series single-lens-reflex cameras offer electronic 35mm photography at its best. The Canon A-1 is one of the world's most advanced automatic cameras, capable of handling any subject under any conditions with professional results. Yet it's easy to use and its advanced features make it easy to sell.



Canon AE-1

The Canon AE-1 is our most popular model, with shutter-

priority automatic exposure control that lets the user select a shutter speed, focus and shoot. Flash photography's fully automatic, too, and Canon Speedlites and accessories like the Power Winder A make easy add-on sales for the AE-1. These profit-makers also fit the AV-1 aperture-priority model. The AV-1 is the lowest-priced Canon automatic SLR, but shares many of the features that helped make us world's leader in 35mm photography.



Canon FD Lenses

To go with the Canon SLR line are a host of easy-to-sell accessories as well as nearly fifty fine Canon FD wide-angle, telephoto and zoom lenses to suit every picture-taking situation. So whatever your SLR customers' needs, the Canon line is the answer.

RANGEFINDER CAMERAS



Canon Sure Shot AF35M

The Canon Sure Shot AF35M is the automatic camera everyone's talking about! It has auto focus, auto exposure, built-in auto electronic flash, built-in auto winding and even power rewinding. It's the 35mm camera that says "goodbye frustration" forever because it automatically eliminates common photographic mistakes. It's almost impossible to get a bad picture with this camera—that's why we call it the Sure Shot!

There are other compact, easy-to-use 35mm models in the Canon line, too. For fast turnover there's the compact, lightweight Canonet 28. It combines the simplicity of automatic exposure with the clarity of a superb Canon lens at a rock-bottom price. There's an optional Canolite D electronic flash to go with it, too!

SUPER-8 MOVIES

Canon silent and sound Super-8 movie cameras feature the same design integrity, sharp Canon lenses and exciting features that make all Canon cameras sell well. The 1014XL-S and 814XL-S sound models offer the creative filmmaker brilliant



Canon AF514XL-S

sound and picture quality. The amazing AF514XL-S features a Canon-engineered autofocus system, and the 514XL-S, like all Canon sound models, provides audibly superior sound, thanks to special Canon features. For lightweight, low-light silent filming, the Canon 514XL and 310XL models deliver professional results with the touch of a button.

Again, we offer a variety of models in all price ranges, so there's a Canon for everyone. And everyone wants Canon!

© 1981 Canon U.S.A., Inc.

Canon®

Canon USA, Inc., One Canon Plaza, Lake Success, New York 11042 •
140 Industrial Drive, Elmhurst, Illinois 60126 • 6380 Peachtree Industrial Blvd., Norcross, Georgia 30071 • 123 Paulirino Avenue East, Costa Mesa, California 92626 •
Bldg. B-2, 1050 Ala Moana Blvd., Honolulu, Hawaii 96814 • Canon Optics & Business Machines Canada, Ltd., Ontario

HEALTH & BEAUTY AIDS

Discount Store Census '81/'82

Sliced Gross Margin Helps Swell Sales 14%

Health & Beauty Aids

- Discount Store Sales ... \$4.1 Billion
- Sales per Store \$502,000
- Department Size 2,240 Sq. Ft.
- Annual Sales per Sq. Ft. \$224
- Annual Turns 4.1
- Initial Markup 28%
- Gross Margin 23%

BOXSCORE



Meijer's Square in Bay City, Mich., merchandises home-care aids—wheel chairs, vaporizers, sitz baths—with regular H&BA department selections. (DSN photo)

What An Unlikely Name For A Large Midwest HBA Distributor.

Boston Distributors



We didn't grow this fast because of our name. We did it with a success proven system that helped our customers refine and control inventories so they yield a maximum return on investment.

- We begin by continually updating product assortments.
- Evaluating product mix to attain optimal sales goals.

- Planograms that result in dramatic sales increases.
- Computerized reports for controlling margins.
- On time deliveries thru our own trucking system.
- Comprehensive promotional programs which maximize customer draw and enhance sharp discount image.

With Boston Distributors, you can select the services you need: orderwriting, ticketing, seeding, shelf stocking or housekeeping.

When we're done, you'll have the strongest HBA program for your market.

For more information call Milt Rosenberg, Vice President of Sales collect at 1-800-321-2668.

Boston Distributors

16501 Rockside Road, Maple Heights, Ohio 44137

Health & Beauty Aids • Stationary & School Supplies • Home & Office Supplies • Pet Supplies

Discounters worked health and beauty aid departments hard last year, slicing two percentage points off gross margins to keep traffic moving into their stores.

Overall, the move paid off with volume in the category up nearly 14% to \$4.1 billion.

To increase H&BA department profitability, many discounters expanded their departments—Woolco went deeper across-the-board to flesh out its assortment—added upscale fixturing and/or introduced manufacturer-supplied displays, and kept the pressure on price points to build traffic.

Contents of the Mix

K mart added brand name cosmetics—Max Factor—and manufacturer-supplied displays in stores being remade ala the Indianapolis prototype. The chain also continued to push its private label program in some cases merchandising private label products alongside name brand competitors, flagging the price differential with shelf markers.

Hills added manufacturer-supplied black and chrome fixtures to its department and then repositioned the area so that it sits adjacent to the jewelry counter in its Niagara, N.Y., store.

Other chains like Bradlees, which already give a fashion look to their departments, are considering going one step further and locating their high-end cosmetics and fragrances inside the glass display currently given over to better jewelry. (The Massachusetts-based chain is currently testing this presentation in one of six recently remodeled stores; in the other five the chain has kept the categories with H&BA, highlighting the area with spotlights and glass and chrome fixtures.)

For chains that chose to keep fragrances in H&BA departments, assortments were broadened to emphasize image and self-service. To keep up with a changing market, buyers went for prestige lines, more scents and more dilutions.

Looking for greater gross margin dollars, discounters have also expanded vitamin sections, once the exclusive territory of health and drug stores. Some have made additional gains with private label

(Continued on page 73)

Sales Climb Briskly in Hair-Care Classifications



Like most other discounters, Wal-Mart is looking to increase traffic in H&BA. In its House Springs, Mo., store, basics were stacked out to draw traffic. (DSN photo)



In Cheltenham, Pa., Clover pegged cosmetics on radiating fixtures, put tonnage items on straight runs and put higher-ticket cosmetics and fragrances under glass. (DSN photo)

(Continued from page 70)

and natural vitamin programs, where gross margins are double the 25% to 40% on name brands.

ALCO opened an 8-ft. vitamin section this year, cutting its antacid and cold medicine sections back to do so. (The chain also tied in an expanded diet aid section, which gained 8 ft. for a total of 12 ft.) At Zody's, where 90% of the vitamin mix is private label, the chain expected to reap 50%-60% margins in its highly promoted program.

Area of Reliance

Still, the bulk of the business was in basics, where sales were ahead of last year.

In a first-quarter survey by Boston Distributors, a division of Cook United which services 350 discounters, shampoo remained the No. 1 seller in H&BA. Shampoo sales were up 20%, and increases of 20% or more also occurred in other hair-care classifications: ethnic hair-care products, private label shampoos, creme rinses and conditioners.

Discounters also paid close attention to hair-notions: barrettes, bandeaus and ponytail clips, as well as the basic bobby pins, combs, curlers, brushes. Assortments were broadened and fashion sku's were upgraded, with many discounters noting margins of up to 60% in the department.

Murphy's added more fashion hair ornaments and high priced basics to its section and noted a 17% increase in total H&BA sales. T.G. & Y. added higher fixtures to its department and more than doubled its sales per square foot. Instead of shrinking the mix, the refixturing gave the chain the room to add new items.

Among up and coming categories, Boston Distributors noted sharp sales gains for eye-care products. Sales increases in the category reflect the increased popularity of soft contact lenses. Eye-care products ranked No. 28 on the list of the top 48 best H&BA sellers, with a 36% sales increase over a year ago. The increase was a direct result of technological advances in soft contacts, which have lowered retail prices, opening up the market to consumers who could not afford the luxury item before.

IT PAYS TO BE IN TWO PLACES AT ONCE.

Sales increase 20% when checkout speedracks are added to H.&B.A. blade and razor display.

These profitable increases were the result of a study compiled by TRIM INC. from scanner store data in a major midwestern supermarket chain. They found that speedracks in high traffic checkouts featuring best-selling blades and razors, in combination with full line H.&B.A. displays, delivered a minimum of 20% greater sales than H.&B.A. displays alone.

Which simply means that if the number one selling Gillette blades and razors are missing from your front-end, you're missing out on a big opportunity.

This study is just one more addition to the Gillette merchandising and display program designed to maximize your profits.

Contact your Gillette representative, and he'll show you why it pays to be in two places at one time.



© 1981 The Gillette Company, Boston, MA 02199, USA

Gillette

America's No. 1 selling blades and razors.

LAWN & GARDEN

Discount Store Census '81/'82

Dollar Volume Blossoms to Outpace Inflation



Chains reported a strong season in trade-up mowers. This broad assortment is from Lechmere in Cambridge, Mass. (DSN photo)



Jefferson captures extra gross margin points in hot category gas grills by running Ward private label units. This store is in Hialeah, Fla. (DSN photo)



Mood Maker. Money Maker.

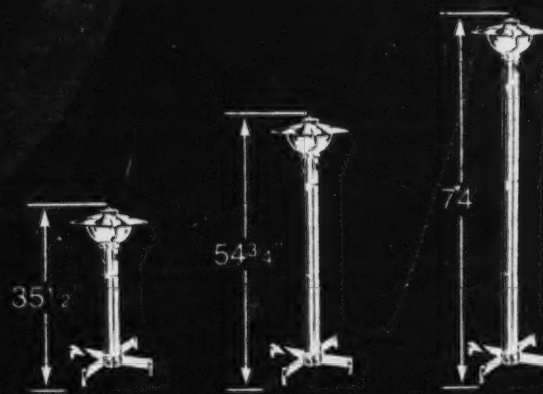
PATIOOLITE

by ARKLA

Puts Outdoor Living in a New Light

- Portable • Adjustable Heights • Needs No Installation • Uses LP Gas • Matchless Ignition • Decorative • The Perfect Gift • Doesn't Attract Bugs • Meets UPS Shipping Standards

It's new! And it's from Arkla, the people who keep adding to the pleasures of outdoor living. It lights with a soft glow, not a harsh glare. Check the features. LP gas makes PatioLite portable and eliminates the cost of installation. Customers may start with one. But they'll be back for more. PatioLite. It puts people in the mood to buy!



Adjusts to 3 different heights for use anywhere. Model LG 100-00

PATIOOLITE

by ARKLA

For complete information, contact
Arkla Industries, Inc.
P.O. Box 534, Evansville, IN 47704

Discounters saw the green grow this year, as dollar volume increases outpaced inflation to represent real growth in most areas of lawn & garden.

Buyers admitted a generally slow 1980 made year-to-year comparisons look good. A spokesman at Zody's, a division of Hartfield-Zody's, commented: "Our markdown position on seasonal goods was much better this year than it was last year, but last year was not a banner year."

What buyers did find this year was movement in trade-up lines in several categories—lawn furniture, gas grills and mowers—and slower growth among the promotional goods in those same categories.

Buyers reported continued softness in the string trimmer category, but a boom in bug killers created another hot category to take up the slack, producing large volume from a small number of sku's.

Another development this year has been a burgeoning market in replacement parts: mower accessories and repair parts, replacement spools of string for string trimmers and replacement bulbs for bug-killer lights.

Discounters were generally pleased this year with the movement of high-ticket items such as lawn furniture and gas grills, though differences in weather caused spotty sales patterns nationwide in some patio goods.

In lawn furniture, several chains carried expanded assortments this season. S. E. Nichols devoted 50% more floor space and increased inventory investment by 15%. The chain added some wrought iron patio furniture last year and increased assortment this year by adding a padded aluminum set and a padded vinyl furniture set.

At Fishers Big Wheel, the chain added a three piece redwood-stained set of furniture and a three-piece set with an "ice cream parlor" look as step-ups from its more basic aluminum lawn furniture assortment. A spokesman at ALCO said the chain attended last month's hardware show in order to search for more redwood-stained furniture or wrought iron goods to add to its mix.

A spokesman at Zody's said the chain's excellent year in patio furniture—the best year since the gas crunch of 1978 for the Los Angeles-based chain—was a recovery year for us. It has been a nightmare in patio for the previous two or three

(Continued on page 117)

BEST AVAILABLE COPY

STATIONERY

Discount Store Census '81/'82

Home-Office Supplies Boost Dept.'s Gross Margin

Stationery

- Discount Store Sales . . \$1.5 Billion
- Sales per Store \$184,000
- Department Size 1,750 Sq. Ft.
- Annual Sales per Sq. Ft. \$105
- Annual Turns 4.0
- Initial Markup 42%
- Gross Margin 38%

BOXSCORE



T.G. & Y., Houston, emphasized basics in its back-to-school promotions earlier this year, holding back on the recent industry trend to stock higher-ticket home office supplies. (DSN photo)

54 items pictured from a line of over 300 items.

MORE PROFIT WITH MEAD'S HOME AND OFFICE LINE

Mead makes the most profitable line of Home and Office Products you can stock. Here's why:

- Consistent packaging graphics that communicate clearly and quickly, while identifying Home and Office as a distinct department.
- Marketing expertise based on an unmatched accumulation of research, consumer data and years of experience.
- Merchandising Aids and Planograms for departments to make your space more productive.
- One of the broadest lines in the industry and only one freight minimum.
- Products designed and packaged the way your customers want them.
- Faster turnover because of our packaging, expertise and planning. Customers recognize the nationally advertised Mead name and logo.
- Reduced inventory investment made possible by seven convenient plants across the country that can ship products when you need them.

Let America's biggest Home and Office supplier produce greater profit for you.



Stationery gained ground in discount stores this year as re-tailers pushed open existing boundary lines to make room for new or expanded assortments of home office supplies.

Adding the higher-ticket and broader-margined home office merchandise including file cabinets, desks and desk sets, KD (knockdown) bookcases—or fleshing out existing programs with regulation (office) sized flex folders and paper goods, allowed many chains to compensate for the gross margin erosion they experienced on many basic items. The payoff was that industrywide, sales in the category advanced 7% to \$1.5 billion.

Nichols, ALCO and Heck's were among the chains emphasizing home office in their back-to-school promotions earlier this year.

Nichols recently added 120 sku's of home office, and is projecting a 40% to 45% increase in sales as a result. The new items range from a compact carry-out desk to business forms and clasp envelopes. Gross margins in the newly expanded category will average 43%.

At ALCO, the buyer reported that "we're going to have a 20-ft. run of office-related items stacked 2-3 ft. high with shallow shelving. We'll also add some floor stacks and table features."

Heck's is looking for a 15% to 20% improvement in its stationery department's sales, the result of its having trimmed sku's on the stationery "side" in favor of flex-a-fold file and desk accessory sets available in three sizes.

Gee Bee, which reworked its stationery and home office department—giving it nearly twice as much floor space at 60 ft.—hoped for a 33% sales increase.

Still, not everyone is rushing headlong in the category.

T.G. & Y., for example, has decided to go slowly because "we've found that our basic staple items such as legal pads and index cards provide us with our best chances for a high markup," according to a buyer for the chain.

However, the chain did add floor safes, an item most discounters are still wary of.

The chain is adding an imported 146-lb. model to its mix which will retail for around \$100.

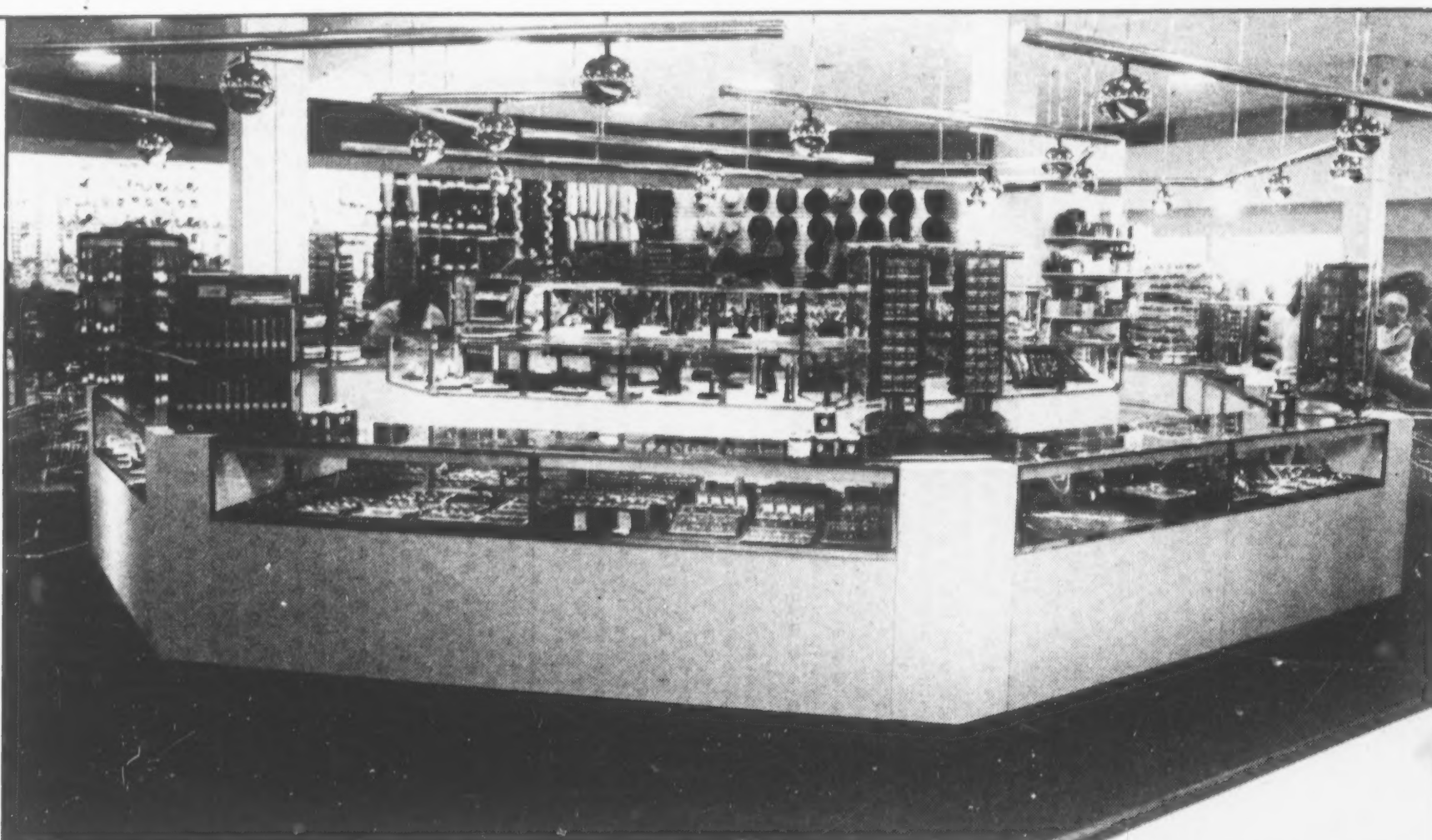
Discount Store Census '81/'82

Jewelry Continues as Discounter Growth Category

Jewelry

- Discount Store Sales ... \$1.0 Billion
- Sales per Store \$122,000
- Department Size 550 Sq. Ft.
- Annual Sales per Sq. Ft. \$222
- Annual Turns 3.1
- Initial Markup 48%
- Gross Margin 40%

BOXSCORE



At Jefferson/Ward, Woodbury, N.J., suspended lighting and carpeted flooring echo the octagonal shape of the jewelry counter. (DSN photo)

Jewelry continues as a growth category for discounters, as total sales increase 12% to \$1 billion in 1981.

But in its move to the front of the store—in terms of position, quality, price tags and service—the jewelry department is becoming a more expensive segment of the discounter's business.

Higher-price items require service in jewelry, as well as departments for other small items like calculators, fine pen sets and cameras. Some discounters are finding it increasingly attractive to maintain all of the high-priced items in one location, at the jewelry counter, or move the departments into adjacent areas.

K mart introduced the consolidation of calculators, cameras and jewelry in its Indianapolis store last year, and is installing it chainwide.

Layout Changed

Woolco used the same combination concept in its new prototype, positioning the department up front for the first time. Woolco also cut back on costume jewelry, in an effort to take pressure off the service department.

Although Zayre didn't combine jewelry with other small, high-ticket items, the chain has brought service counters for both into adjacent areas.

In its new prototype, Hills repositioned the jewelry department in the left front of the store, between health and beauty aids and ladies' accessories, giving it full frontage on the main race-track aisle. The chain polished off its counters with red velvet coverlets, for a more expensive look.

Upscaled Bradlees and Caldor also continue to refine the department-store treatment given their jewelry counters, moving them to central positions in front on the main aisle.

In new trends noted by discounters, children's jewelry is pinpointed as a burgeoning area. Earrings, pins, necklaces, bracelets and hair ornaments bearing Strawberry Shortcake and Sesame Street characters, and those fashioned after Crayola Crayons and Alphabet soup letters are hot items at Hills.

Customer reaction to the items prompted Hills to install a children's jewelry section near the jewelry counter in its Buffalo and Niagara, N.Y., stores.

Reduce Inventory Forty Percent Double Stock Turns



Everything-Up System

“...at a time when chains are struggling to control inventories, Everything-Up appears to be the right program at the right time.”

Major trade publication,
March 24, 1980



Conventional System

**GIBSON/BUZZA'S
EVERYTHING-UP SYSTEM™
THE MOST INNOVATIVE STOCK CONTROL
CONCEPT IN DECADES.**

With the prime rate at or near record high's, inventory levels must be your number one consideration.

Gibson/Buzza's Everything-Up System provides:

- Industry's highest possible R.O.I.
- Industry's lowest packing
- Comprehensive merchandising and service support programs.

For more information contact H.W. (Pinky) Halvorson, Vice President of National Accounts, (513) 841-6895.

Gibson
Buzza

THE LOW INVENTORY PEOPLE
©GIBSON GREETING CARDS, INC., CINTI., OHIO 1981

PAINT

Discount Store Census '81/'82

High-Margin Private Label Lines Gain Ground

Paint

- Discount Store Sales .. \$1.4 Billion
- Sales per Store \$172,000
- Department Size 1,270 Sq. Ft.
- Annual Sales per Sq. Ft. \$135
- Annual Turns 2.7
- Initial Markup 42%
- Gross Margin 37%

BOXSCORE



Discounters still rely on branded paint as a traffic draw, as evidenced in this stackout at Venture's Kansas City, Kan., store. Margins are often 10% or less. (DSN photo)

While discounter paint departments remain highly promotional on national-brand paint, increasing penetration of private labels is helping chains maintain high margins.

Annual turn of 2.7 in the department, initial markup of 42% and gross margin of 37% are unchanged from last year. Department size in the industry also remained constant over the past year, on average, at 1,270 sq. ft.

National-brand paints are

still the traffic draws in discounter departments, though the 10% margin necessary to stay competitive in price has caused chains to emphasize their home brands. Private label paint carries margins of 35% to 40%.

S.E. Nichols promotes its private label paint every other week during the painting season, undercutting Glidden and DuPont stock by 25% to 35% in price. PL paint business has climbed from 15% of volume at

the chain to 30% of volume, and is given the same 28 ft. of shelf space that the chain devotes to national brands.

Many other chains stock the department with a similar ratio of private label to national brand paint. Roses, which devotes 22 ft. to DuPont and 20 ft. to its own brand, stacks out its own brand at the front of the department. At Murphy's Mart, efforts to increase business on its own brand of paint include television advertising.

Several chains made significant merchandising changes during the year, contributing to the industrywide sales gain of 16.7% from a year ago. Discounter volume stands at \$1.4 billion in the category, though per-store gains over a year ago hit only 7.5% (much of the total sales gain was from new-store growth). Buyers pegged cost increases in the department overall at 9%, putting unit sales slightly behind a year ago when inflation is factored out.

Major changes at K mart included dropping national-brand paint to focus exclusively on its own step-up paints, and grouping paint more tightly with other hardware categories in its new prototype stores (Indianapolis). Paint was tied in with lawn and garden, hardware, electric, plumbing and other departments to form an in-store home center set off by special blue and white signing.

(Continued on page 116)

SPORTING GOODS

Discount Store Census '81/'82

Exercise Gear, Rod/Reel Sets, Lawn Games Hot

Sporting Goods

- Discount Store Sales .. \$2.7 Billion
- Sales per Store \$331,000
- Department Size 2,500 Sq. Ft.
- Annual Sales per Sq. Ft. \$132
- Annual Turns 2.9
- Initial Markup 36%
- Gross Margin 30%

BOXSCORE



Venture, Chicago, capitalized on the trend toward stay-at-home vacations by featuring a complete line of lawn games, including Cross Toss, badminton, and Frisbee. (DSN photo)

Increased promotional attention played a major role in making 1981 a good, but not great, sporting goods year.

Increased Advertising

While most promotions focused on popular categories such as exercise equipment, combination rod and reel sets and lawn games, some have also been seen in high-ticket items such as rods, reels and firearms.

Some high-margin fishing and camping accessories have

also been drawn into the promotional action due to their traffic-pulling potential.

In 1981, the trend in discounter fishing and camping sections was to expand accessory assortments. In camping, many discounters looked to off-brand and import accessory items to build gross margins. Buyers reported the broadened selections also enhanced the image of their entire sporting goods departments. Discounters also used fishing accessories to help offset the margin-

cutting in heavy promotional areas like combination sets, and the low initial markups of loose rods and reels.

Merchandising Move

Combination sets and terminal tackle and other accessories were also promoted throughout the year, resulting in margin erosion. An example of how buyers deal with this problem came from North Carolina-based Roses, whose buyer finetuned jobber servicing of his fishing departments by re-

stricting item listings and planogramming layouts. Roses began its planogramming program with terminal tackle and lures, which led to the department's sales and profits growth as it kept up with these fast-moving, high-margin items.

Stem Distributors' Jim Sylvester reported that his discounter customers' rod and reel orders were up almost 50% and general tackle orders advanced 30% in 1981 as consumer interest in fishing gear produced strong results across the board.

ALCO was one chain that capitalized on heightened consumer awareness of fishing by stocking 20-25 basic combination sets, mostly Zebco products priced \$7 to \$40.

Another Approach

Another method of building more profitable fishing sections was by increasing the amount of import buying, especially of terminal tackle and other accessory items, which were already blessed with higher-

(Continued on page 113)

Discount Store Census '81/'82

Cassettes Do More Than 60% of All Tape Biz

Records & Tapes

- Discount Store Sales ... \$1.5 Billion
- Sales per Store \$184,000
- Department Size 1,050 Sq. Ft.
- Annual Sales per Sq. Ft. \$175
- Annual Turns 4.4
- Initial Markup 25%
- Gross Margin 18%

BOXSCORE



Mays Family Centers builds its own fixtures for its record and tape department: slated wooden orange crate-like bins. Shown here in one of its Chicago stores. (DSN photo)

CHERRY HILL, N.J.—Cassette tapes now account for more than 60% of all tape sales, reversing the trend of past years when 8-tracks had the lion's share of the business.

Tape now accounts for 39% of total prerecorded music volume, up 20% over 1979, and 24% since 1978.

A survey just released by the National Association of Recording Merchandisers indicated a continuing slowdown in the sale of single records, a trend which is partly attributable to the recent decline in disco record sales. Disco, which swept the country by storm about five years ago, never created the expected nationwide sales increases. One retailer said the failure of disco was partly the fault of the promoters, who scheduled far fewer tours and media campaigns than they had for other kinds of music.

Changing trends in record sales by music category was also shown in the study: The rock, or pop category increased from 49% of total record and tape dollar volume in 1979 to more than 51% of 1980 sales. Country came close to the same percentage increase, with more than 14% of total sales. Disco almost disappeared as a category, capturing only 1% of total sales, down from 9.2% in 1979.

An analysis of types of record and tape products sold from 1979 to 1980 revealed that the percentage of records sold declined slightly, from 58.2% to 57.8%, along with a corresponding increase in the amount of prerecorded audio tapes sold, from 30.9% of total music products sold in 1979 to 31.7% in 1980.

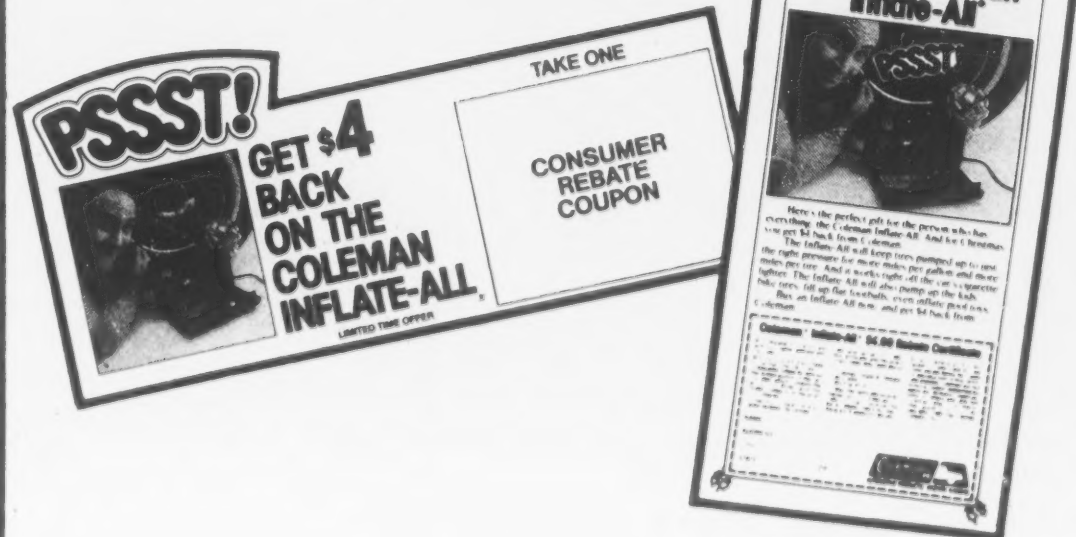
The survey also revealed that the percentage of albums sold against single releases has been increased annually. Album sales accounted for 90.7% of total dollar volume in 1980 against 9.3% of single releases.

Prerecorded tape sales also changed in the three-year period examined. In 1978, cassettes accounted for only 35.1% of total dollar volume while 8-tracks accounted for 64.9% of the business. In 1979 sales were almost evenly split, with cassettes registering 52.3% of total dollar volume and 8-tracks accounting for the remaining 47.7%. By 1980, the situation was reversed with cassettes accounting for 60.4% of total dollar volume and 8-tracks for only 39.6% of the business.

PSSST!



Here's one Christmas promotion that won't go flat.



The Coleman® Inflate-All® is this year's hot item for the handyman. And at Coleman we're backing it big with a \$4 back Christmas Special.

The Inflate-All \$4 rebate offer will be running in *Mechanix Illustrated*, *Popular Mechanics*, *People*, *Sports Illustrated*, and *Family Handyman*. And there's free point-of-sale promotion material for your store.

Your customers will be looking for the Coleman Inflate-All Christmas Special where they shop. Call your Coleman automotive rep now and ask about our special advertising and dating programs.

Coleman
AUTOMOTIVE PRODUCTS • WICHITA, KANSAS

Frank Kelly—National Sales Manager—
250 North St. Francis • Wichita, KS 67201
316-261-3214

The Coleman® Inflate-All® \$4 Back Christmas Special.

AUTOMOTIVE

Discount Store Census '81/'82

Resurgence Seen as Economic Slump Slows

Automotive

- Discount Store Sales . . \$4.2 Billion
- Sales per Store \$514,000
- Department Size 2,280 Sq. Ft.
- Annual Sales per Sq. Ft. . . . \$225
- Annual Turns 4.2
- Initial Markup 32%
- Gross Margin 27%

BOXSCORE



Air and oil filter sales are climbing as more motorists become even more concerned with engine efficiency. Wal-Mart, Victoria, Tex., features filters with other accessories. (DSN photo)

RAKE IN PROFITS THIS FALL.

SEPT. 15 TO OCT. 15, 1981

As the leaves turn color so should you turn a profit. That's why you have a whole month to enter Trop-Artic Motor Oil's big fall promotion.

\$1.50 OFF EVERY CASE

of Trop-Artic Motor Oil purchased between September 15 and Oct. 15, 1981. To qualify for your rebate all you have to do is advertise



Trop-Artic between September 15 and November 15, 1981.

WE PAY YOUR ADVERTISING.

Phillips will reimburse 100% of your actual costs for approved advertising up to 36¢ a case. Remember, the more you advertise, the more you sell.

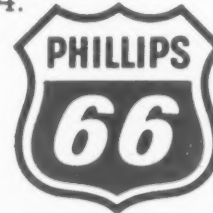
BIG CONSUMER INCENTIVE

Trop-Artic 6-packs will feature a coupon that allows the consumer to order a super-useful 4-in-one

fluorescent LUMILITE lantern for only \$12.95. (That's a 50% saving over retail cost.) A sure-fire way to light up the consumer's desire for Trop-Artic.

FOR FULL DETAILS

contact a member of our Trop-Artic sales force or Paul Shipman, Jr., Lubricants Marketing Development Section, Phillips Petroleum Co., 7C11 Adams Building, Bartlesville, Oklahoma 74004. (918) 661-6692.



Discounters are regarding 1981 as a bounce-back year in automotive, thanks to a slowing of the economic slump that curtailed growth in 1980.

Renewed sales strength in waxes and polishes, foreign car parts, functional accessories and chemicals have all contributed to healthy volume gains in the automotive category.

Total discount store automotive sales rose 11.9% to \$4.2 billion in the last 12 months, while sales per store averaged \$514,000 annually, a 4.4% increase over 1980. Much of the improvement has come from poly waxes which have margins that are about five percentage points higher than those on regular waxes; and chemicals, which have turned out to be one of the brighter areas in automotives this year.

Annual sales per square foot went ahead 4.4%, from \$215 to \$225, while initial markups hit 33%, a 3.1% increase since 1980.

These gains, however, were registered at the expense of annual turns which slipped from 4.5 in 1980 to 4.2 this year. Average department size and gross margin remained unchanged from last year's 2,280 sq. ft. and 27%, respectively.

While not every buyer was bullish on the category, many are confident that the do-it-yourself trend and strong regional economies could push sales up by 25% this year, principally because of a strong winter season.

Buyers are particularly looking for chemicals to be a red-hot category throughout the fall and winter season—a marked improvement over sales during the past two winters, which were hurt in the North by unseasonably warm weather. Heck's automotive buyer is looking for chemicals to be his leading growth category—with projections for department sales to increase 8% to 10% this year—because of early predictions of a severe winter in the Northeast quadrant of the country.

The cold weather that hit much of the country in early January was partially responsible for good first-half chemical sales. A Lloyd's buyer said the chain had planned to sell 400 cases of gas line antifreeze, but sold 1,000 instead, in a single month. The buyer hopes that similar conditions will return in late November to prompt cate-

(Continued on page 87)

Discount Store Census '81/'82

Functional Accessories Labeled Growth Area



Auto repair kits are riding the crest of the do-it-yourself wave and gaining more space in discount stores. They are shown in Fishers Big Wheel, North Royalton, Ohio. (DSN photo)



Motor oil is still a must-have category—even though “everyone,” including supermarkets, stock the item. Mix is shown at Zayre, North Miami. (DSN photo)

(Continued from page 86)

gory sales to skyrocket once again.

Poly waxes is another area which will reach its full potential in 1981, according to discounters. At first, buyers stocked only one or two units of the new waxes. However, discounters have been moving heavily into the market lured by margins that can run five percentage points higher—on price points that are two to three times greater—than those of regular waxes.

The growing number of motorists who elect to hold on to their cars rather than trade them in is also expected to aid automotive sales, particularly of those items aimed at the do-it-yourselfer.

Items such as hydraulic floor jacks, oil filters, chemicals, and motor oils were strong performers in 1980, and they all continue to do well this year as motorists increase maintenance on their cars, according to figures made available by distributor Allied Parts and Accessories Co.

Mufflers also sold well this summer and so did oil and air filters, sealed beams and body fillers.

Several discounters reported spark plugs and tune-up kits continued to drop in sales. Technological obsolescence and the greater number of four- and six-cylinder cars on the road are contributing to the sales slowdown. On the other hand, spring promotions boosted motor oil sales as buyers capitalized on customers getting ready for increased summer driving.

Functional accessories have also been spotted as a growth area. Discounters are now predicting a good year in 1981, with strong sales of items such as floor mats, wrench sets and some fringe dress-up items. Buyers admit this optimistic talk is in sharp contrast to what they were saying last year, when higher gas prices and reduced driving were expected to cause a downturn in accessory sales.

Jefferson/Ward was one chain reporting success in marketing fringe accessory items. In one three-day promotion period earlier this year, the Miami-based retailer beat its projections nearly six times over, selling 800 pieces when it figured to sell 144.

Foreign auto parts are also gaining more discount floor space this year.

CHAMPION

WINTER OILWELL

Champion Spark Plugs has the answer to about 10 million customers' problems.

How? By offering you a special winter oilwell. Or better yet, a special winter offer your spark plugs can give you.

From now until the end of the year, we're giving you a special winter offer. A special offer that's only available to you. A special offer that's only available to you.

The special offer is a special offer. A special offer that's only available to you. A special offer that's only available to you.

Contact your local Champion Spark Plug distributor for details. And your Champion Spark Plug package of 12 spark plugs. Some special promotional material. Some special going to drive. Some special to can you.

Ask for details



Discount Store Census '81/'82

Gross Margin Dips Despite Rise in Biz, Turn

Consumer Electronics

- **Discount Store Sales** .. \$3.6 Billion
- **Sales per Store** \$441,000
- **Department Size** 2,000 Sq. Ft.
- **Annual Sales per Sq. Ft.** \$221
- **Annual Turns** 3.0
- **Initial Markup** 28%
- **Gross Margin** 18%

BOXSCORE



Maxway, Sandersville, Ga., merchandises big-ticket consumer electronic items—TVs, microwaves and car stereos—together in a single serviced department. (DSN photo)

Pocket-sized stereos with headphones, off-brand black and white TVs and miniature stereos boosted consumer electronic department productivity in 1981. But the increased volume and turns came at the expense of gross margins which declined, compared to the previous year.

As a new product, video cassette recorders (VCRs) triggered a lot of excitement this year, but most discounters elected to pass up the big ticket items, preferring to wait until technological advances knock the price down. Some discounters, however, have elected to carry the software—pre-recorded movies and tapes—that go with them.

Discounters are also generally taking a wait-and-see position on video disc systems, despite their lower (than VCR) price points. The main drawback here is the lack of compatible technology. The discs and players of the industry leaders—Pioneer, RCA and Panasonic—are not compatible.

TV sales were good this year at most chains, although discounters remain divided over which merchandising strategy would serve them best: going with branded merchandise at higher price points or having the sharpest price in town with off-brand sets. K mart, Woolco and Zayre were among the chains using off-brand black & white units to keep a \$69 promotional price point.

For discounters taking the brand name route, margins of 15% and lower were common, forced down by competition. Discounters who heavily promoted off-brand models found themselves tagged with a promotional reputation they could not rid themselves of.

As a result, Danners tried a two-pronged strategy, running two TVs per advertisement: one, a promotional set at a competitive price, and the second at \$20 off the everyday price rather than at a deep discount price.

At Woolco, a buyer noted that the chain advertised extensively to build its volume in the category—twice a month on a national basis in peak seasons—using off-brand imports for sharp pricing at the low end, while relying on RCA, Zenith and G.E. as trade-up models. In color sets, Woolco also used

(Continued on page 116)

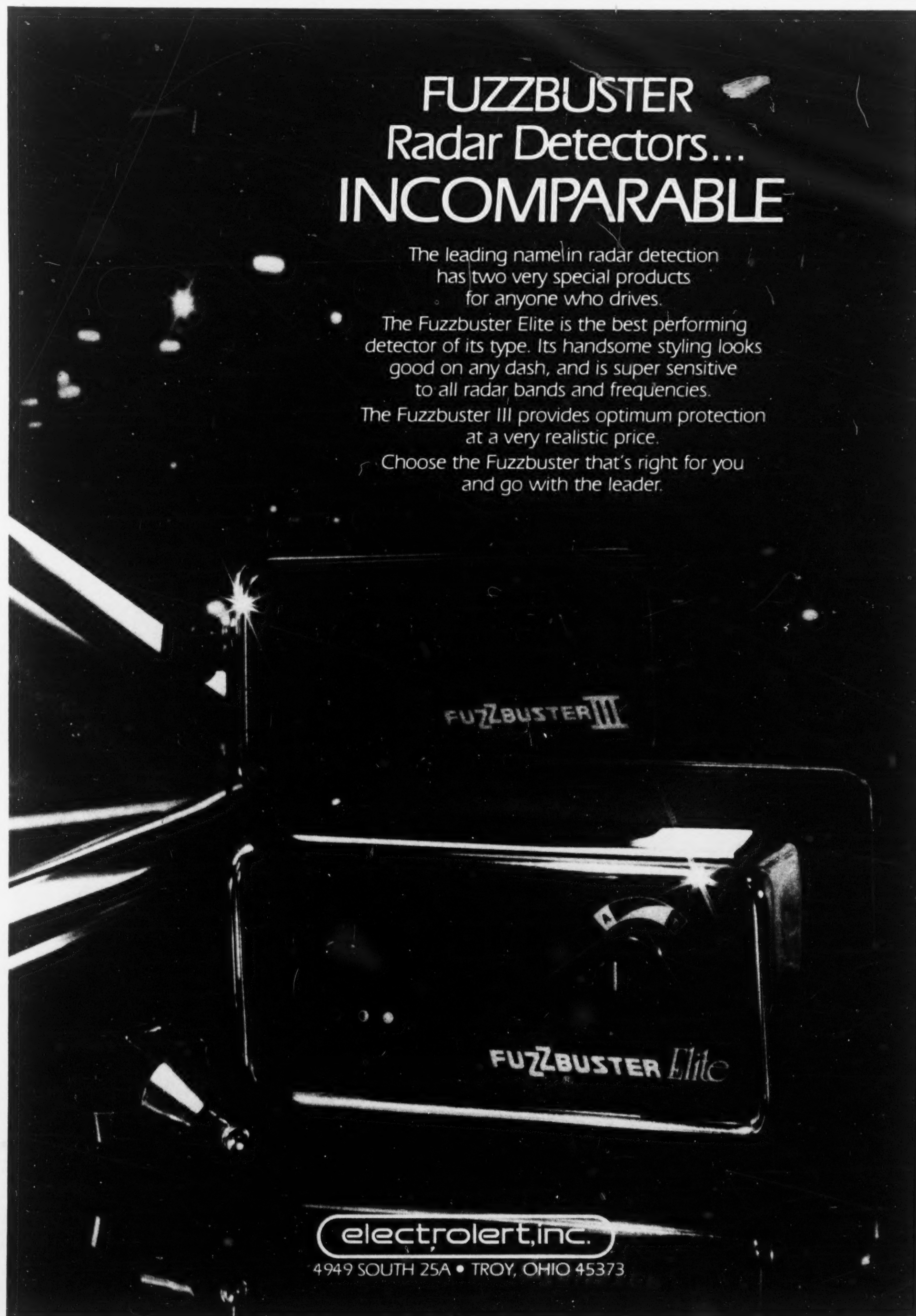
FUZZBUSTER Radar Detectors... INCOMPARABLE

The leading name in radar detection has two very special products for anyone who drives.

The Fuzzbuster Elite is the best performing detector of its type. Its handsome styling looks good on any dash, and is super sensitive to all radar bands and frequencies.

The Fuzzbuster III provides optimum protection at a very realistic price.

Choose the Fuzzbuster that's right for you and go with the leader.



Promo Increase Cuts Initial Markup, Margin

Hardware

- Discount Store Sales .. \$3.9 Billion
- Sales per Store \$478,000
- Department Size 3,215 Sq. Ft.
- Annual Sales per Sq. Ft. \$149
- Annual Turns 2.8
- Initial Markup 41%
- Gross Margin 36%

BOXSCORE



May's Family Centers in Chicago caters to older, urban clientele by stocking wooden rather than aluminum ladders. Hobby benches, a growth category, get endcap. (DSN photo)

Initial markup and gross margin were both whittled in discounter hardware departments over the past year, as chains sharpened pricing and promotions in the face of soft sales.

As an executive at Stem Distributing commented at mid-year: "We are seeing a large increase in promotional efforts among our discounter customers. There are now 12 to 14 promotions where we saw six or seven two years ago."

Efforts to increase volume produced sales gains of 8.3% industrywide from a year ago, as total sales hit \$3.9 billion. Sales per store rose a meager 3.7%, though, and gross margins shrank 2.7% from last year's industrywide level of 37%, while initial markup was smaller by 2.4% (from 42%). Turns in the department have also decreased. Last year, annual turn averaged 2.9; this year's average was 2.8.

By product category, ceiling fans were the hot summer seasonal item, while buyers look to chainsaws and auxiliary heaters for fall growth. Some of the softness in the department had been due to promotional power tools.

Buyers report that promotional power tools are not moving as well as in the past—market saturation and pricing are cited as factors. Unlike the past several seasons, when product shortages were at times critical, plenty of product is available this year. Movement is in higher-ticket power tools, however, such as Black & Decker's Value Plus line.

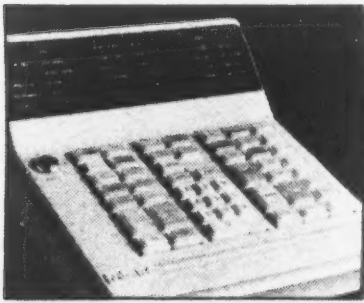
In hand tools, while a great deal of volume is still generated in promotional socket sets (imports, primarily), buyers report, there has been a move to trade-up hand tools. Distributor figures show excellent movement of a Stanley hammer which breaks the \$10 price point, for instance.

Tools which were used to fill dump tables at \$1 price points in the past are now averaging more than \$1.50, and are increasingly merchandised on freestanding pegged displays and endcaps.

In the electrical category, changes in quality control specifications for Underwriter Laboratory (UL) listing in 1980 generated increases in extension cord prices near 25%, resulting in a sales slowdown.

(Continued on page 94)

NCR and Meijer... How we helped a hybrid grow.



Meijer, Incorporated, headquartered in Grand Rapids, Michigan, is a unique company, with unique needs.

Meijer operates three supermarkets, four drugstores, and nine-

teen specialty clothing shops, but it's best known for its 28 Thrifty Acres "hypermartets".

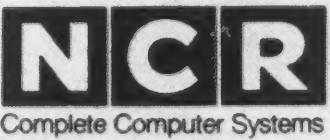
Each Thrifty Acres combines a traditional full-line supermarket and a complete general merchandise operation under one vast roof. The smallest Thrifty Acres covers 64,000 square feet, while the three largest expand over 248,000 each.

What Meijer needed to make the Thrifty Acres concept work was a POS system that could handle all the needs of a foodstore — food stamps, coupons, check validation, *plus* additional general merchandise checkout needs, including layaways and bank credit cards. Meijer also wanted a system that would be upgradable to scanning.

When Meijer offered its Thrifty Acres challenge, NCR was the one company that came through. Using our 97 years of experience in retail information processing, we worked with Meijer people for nearly a year, developing the 2552 integrated checkout system that would meet the Thrifty Acres requirements.

Today, Meijer's Thrifty Acres all have NCR scanning systems. In fact, Meijer is one of the reasons NCR is Number One in scanning installations today.

To learn more about how NCR can help solve your special data processing problem, contact your local NCR representative. Or write to Retail Systems, Box 606, Dayton, Ohio 45401.



HARDWARE

Discount Store Census '81/'82

Kerosene Heaters, Bench-top Tools Are Touted



High-margin accessories are cross-merchandised with power tools at this Roses in Pulaski, Va. Discounters commonly run power tools at cost. (DSN photo)



Many discounters are testing high-ticket bench-top tools as possible volume builders. This display is at Bradlees, North Brunswick, N.J., store. (DSN photo)

(Continued from page 93)

Sales of electrical categories overall are up near 8% over last year.

Most excitement during the first half of the year in the hardware department was generated by ceiling fans, in the first real "boom" year for the category. Buyers still consider it a virgin market and look for strong growth again next year. Murphy's Mart ran with two models this year and tested a third, after last year's results convinced the chain that "the lowest ticket may not be the best in the category."

Most chains ran with a promotional model and at least one trade-up during the year, as Heck's did. Pamida carried several sku's with a promotional 36-in. model and higher-ticket 48-in. and 52-in. units. K mart offered a broad assortment of fans in its stores with building supply departments, carrying a wood-bladed fan at the high end with an everyday price of \$238.

At T.G. & Y., where the category was called "the biggest growth category" in hardware, six sku's were imported from the Orient, giving the chain extra margin points on the units.

Bradlees extended its assortment of middle-price ceiling fans this year, Danners (3D) added two step-ups to its assortment, and Jefferson/Ward supplemented its Montgomery Ward models with stock from outside vendors for a 10-sku offering.

For the second half of the year, buyers look to auxiliary heaters for strong volume in the department, and hope that new product and promotional plans in power tools will overcome the slowdown in that category.

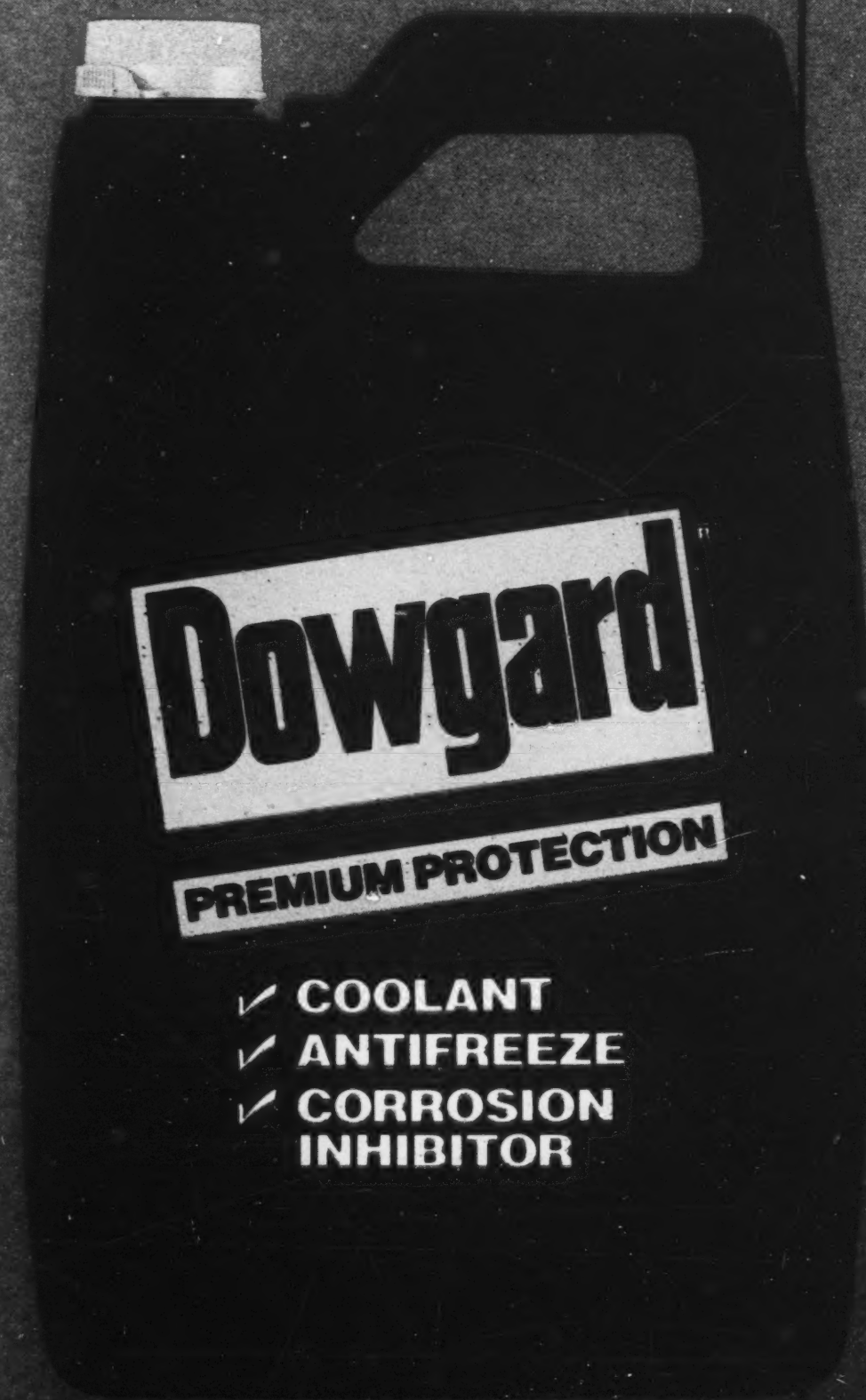
Discounters will be marketing kerosene heaters increasingly this fall, in addition to stocking quartz or basic electric portable heaters. Buyers will use the items heavily as traffic draws in fall programs.

Murphy's Mart, which ran one kerosene heater last fall, plans to add a trade-up this year. Jefferson/Ward added kerosene heaters for the first time this year, and ALCO's plans call for an entry in the category this fall, also for the first time.

Two factors are looked to by discounters to stimulate sag-

(Continued on page 95)

DOWGARD LE YOUR OWN



During the key selling season of 10/1/81 through 11/15/81 Dowgard® Coolant/Antifreeze offers you the opportunity to create traffic and increase margins by choosing the option most suited to your merchandising needs.



OPTION #1

FREE MOTOR OIL!

When your customer buys 2 gallons of Dowgard and any motor oil, he will receive by mail a check for the purchase price of the motor oil (up to exceed \$3.00).

T.G. & Y., Bradlees Drop Home Improvement



Jamesway's plumbing endcap features broad-appeal item: energy-saving replacement showerhead. The home improvement center is in the chain's Flemington, N.J., store.

(Continued from page 94)
ging sales in power tools—Black & Decker's promotional plans, and a move to higher-ticket bench-top tools by consumers.

Major supplier Black & Decker is planning a \$5 rebate program on four power tools for the Christmas season (Value Plus tools, not the promotional line). The manufacturer is also introducing new bench-top tools and an electric stapler and nailer.

Several chains are also finding movement in bench-top tools such as drill presses and bench grinders, at price points in excess of \$50 and \$100. Pamida is testing drill presses at \$99 in some stores. Murphy's Mart is importing a promotional drill press which undercuts domestic models in price. Gee Bee has been able to triple volume in power tools this year, largely through high-ticket stock added to its assortment. Hand-held power tool space was cut at

the chain, and bench grinders and drill presses were added. Tickets go to more than \$200.

Profitability, rather than the 5% margins common on many hand-held power tools, runs to more than 36% everyday margins in bench-top tools. The trend has carried chains such as Bradlees into price points higher than it carried in the past. (Four sku's in bench-top tools were selling at \$65 to \$110 in Bradlees during the year.)

Despite optimism for a pickup in power tool sales, buyers are keeping tight rein on inventories. A spokesman at Hardware Distributors noted: "Our approach in power tools will be conservative because the business has just not been good since last Christmas."

Among the changes at floor level since last fall, both T.G. & Y. and Bradlees abandoned the home improvement business, while K mart set up a new home center prototype.

T.G. & Y. decided to pull

back from most lumber offerings (with the exception of promotional paneling, 2x4's and a few sku's of plywood) and expand basic hardware assortment by 18% to 22%. The expanded assortment went to categories such as plumbing, electrical and paint.

Bradlees also dropped out of home improvement over the past year, primarily because the 17 home improvement centers in the chain ran counter to the self-service philosophy, a spokesman at the chain said. Dropping lumber and paneling has freed up inventory dollars for knockdown furniture and home decor items.

K mart has tied together formerly dispersed departments such as building materials, hardware, paint, electrical and lawn & garden into a special home center section in its latest prototypes. The home center is set off from the remainder of the store by special blue and white signing.

LET'S YOU PICK PROMOTION



OPTION #2
UP TO A \$3.00 REFUND ON ANY OIL FILTER!
By mail, when your customer buys 2 gallons of Dowgard and any oil filter.

OPTION #3
SAVE \$3.00 ON DOWGARD
Your customer receives by mail a \$2.00 refund and a \$1.00 store coupon good on his next purchase of Dowgard, when he submits 2 Dowgard proofs of purchase.



*Trademark of The Dow Chemical Company

Home Security

(Continued from page 67)

assistance at store level, a spokesman at the chain said. Since the switch to the camera department, where they are staffed full time, sales of the consoles have tripled.

In more basic home security items, such as door locks, growth over the year split according to market type: Generally, those chains in metropolitan markets reported strong sales gains in both dollars and units while chains in more rural markets reported a slow year. Most growth came from trade-up sku's, such as better padlocks and deadbolt door locks.

A spokesman at Wal-Mart said locksets and deadbolts increased slightly over last year in volume but no unit in the 60-sku category registered a significant increase.

At Ames, where stores are not in large markets, a spokesman characterized locks as a slow category (the chain devotes only 6 sq. ft. of space to them). Better-model padlocks were top sellers this year, though, with a high-end \$6.99 padlock outselling the low-end \$1.49 model.

Locks were also reported to be slow movers at Heck's, with most of the chain's 10% sales growth in the 25-sku category coming from new stores. At Zody's, a division of Hartfield-Zody's, the 55 sku's of locks are selling slightly better than they did last year, according to a spokesman there.

Gibson's is one chain which has seen a significant increase in lock volume, in part due to an expansion of the category to 75 sku's. A buyer at the chain said highly publicized crime increases in the Greater Houston Area also helped sales.

Distributors have noted the move to deadbolt locks as well. Hardware Distributors expanded its assortment in locks by 20% this year to meet discounters' demand. At the high end, the distributor added deadbolts at \$22 to \$24.

Buyers also gave mixed reviews to automatic garage door openers. Sales are running ahead of last year at Woolco, and a spokesman at the chain said he expects the items to become a staple.

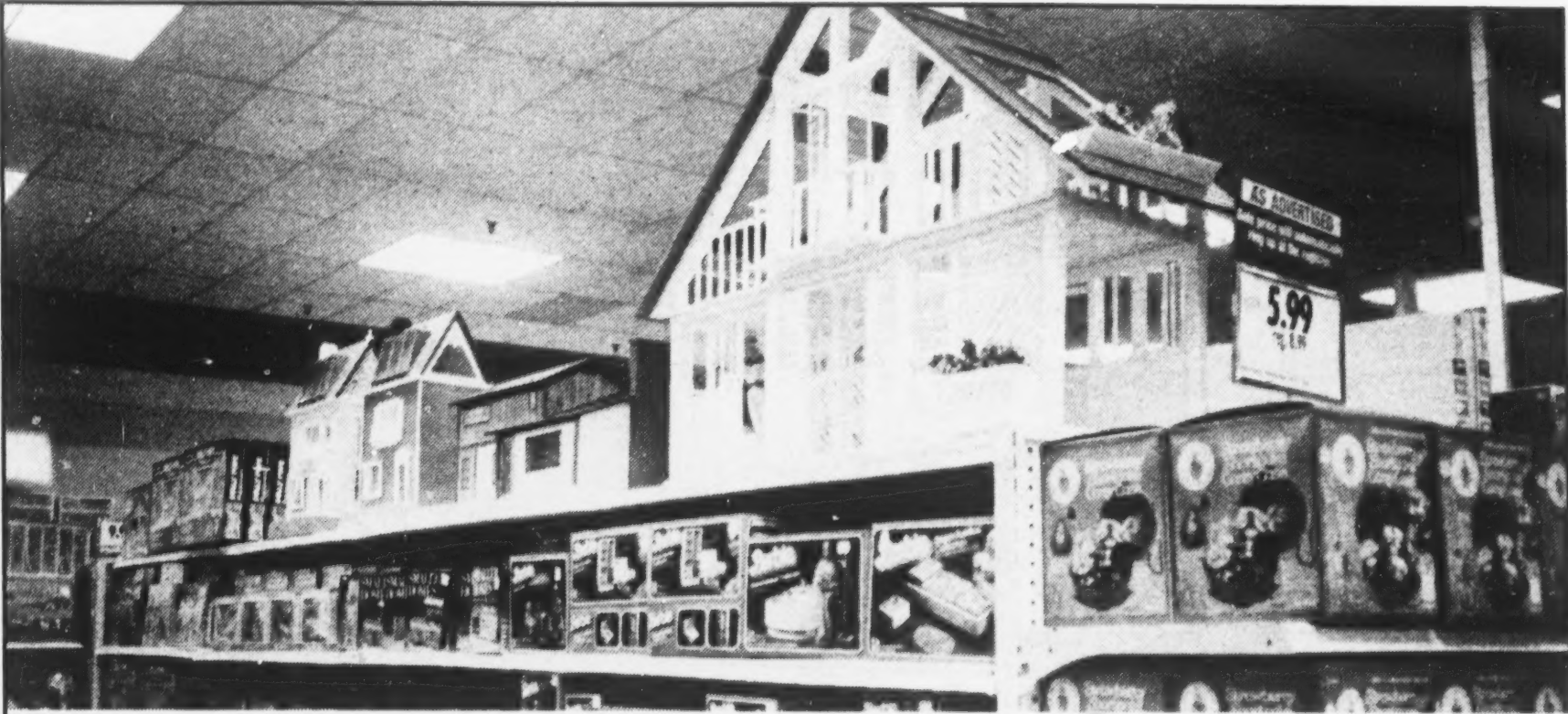
Discount Store Census '81/'82

Buyers to Bet More Christmas \$\$ on Basics

Toys

- Discount Store Sales .. \$3.2 Billion
- Sales per Store \$392,000
- Department Size 2,660 Sq. Ft.
- Annual Sales per Sq. Ft. \$147
- Annual Turns 3.6
- Initial Markup 35%
- Gross Margin 28%

BOXSCORE



Dollhouses, the big-ticket favorite for girls, are getting more play in discount stores. Bradlees gives the category—with accessories—a full aisle in its North Brunswick, N.J., store. (DSN photo)

Basics are becoming a force in discounter toy departments.

Buyers are hoping that by placing a larger portion of their 1981 Christmas dollars on basics such as preschool, die-cast, and models, they will be able to avoid the excessive carryover (due to consumer resistance) and low gross margins that plagued them last year in heavily footballed areas like electronic games and TV dolls.

Buyers expect board games, which lost a chunk of their profit power and became pawns in last season's promotional battles, and models to rebound in time for this year's holiday season. In 1980 such favorites as Monopoly, Clue, Scrabble, and Operation were best sellers, but many discounters were forced to sell various models below cost in order to maintain their discount image. (Monopoly was at the center of last year's markdown madness, with at least one discounter promoting the game at \$3.99, and others struggling to remain competitive.)

In preschool toys, most buyers agree that it is still important to carry the well-known name brands such as Fisher-Price and Playskool because customers associate these names with quality and play value. But, some felt that as prices continue to climb consumers may become less willing to pay the difference for that perceived quality.

One buyer, T.G. & Y.'s Jim Hogle, rebuilt his preschool assortment, maintaining an average \$5 price point and holding the number of sku's constant. Hogle also shifted some preschool sku's from name brand items to a private label program with more reasonable price points.

A Heck's buyer is also emphasizing lower-ticket preschool items, many of them retailing for under \$10. "With today's economy, the most important ingredients in a successful preschool selection are price point and good play value," he explained. "We look to price points rather than brand name as the most important element in building our preschool line."

Fishers Big Wheel will also seek to avoid past mistakes by sticking to a price range between \$3 and \$12, with an average price of \$6.50. "Prices for preschool items have gotten out of hand. The economy has put a damper on spending, and the customer will not pay those kinds of prices anymore," said the buyer, who added that last season's unit sales registered a

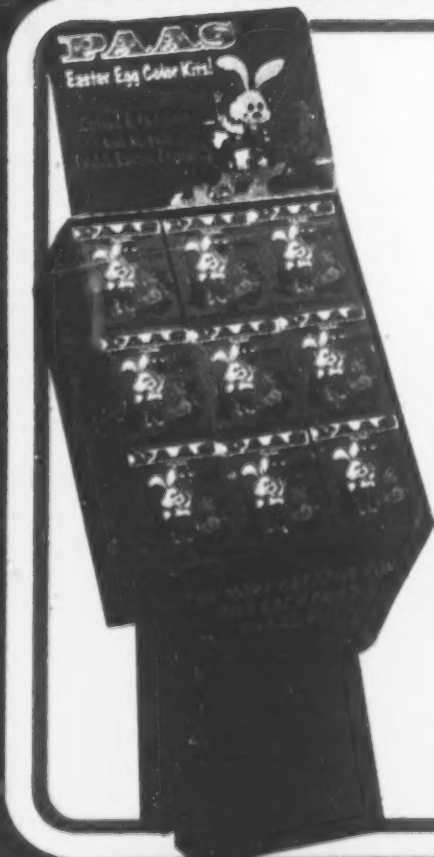
(Continued on page 99)

THIS EASTER PUT ALL YOUR EGGS IN ONE BASKET WITH PAAS



STOCK AND SELL THE MARKET LEADERS

PAAS and PAAS SESAME STREET
KIT offer everything you need for
maximum Easter sales and profits



PACKAGING:
Bright, more contemporary, eye-catching designs stimulate consumer interest. AVAILABLE IN THESE THREE SIZES: large, medium and small.

CONTENTS:
Featuring the PAAS Easter Friends plus easy-to-assemble Easter toys, and egg decorating accessories.

NEW DISPLAYS:
Colorful, attractive graphics attract consumers, stimulate sales.

STRONGEST ADVERTISING & PROMOTIONAL SUPPORT EVER!!
The most intensive Network TV campaign ever in the category. Reaches both children and adults during your peak selling season.



PACKAGING:
Bright, colorful graphics featuring the popular Sesame Street gang preschoolers know and love.

CONTENTS:
Punch-out toys, egg dress-ups of Sesame Street characters, rub-on transfers and much, much more!!

DISPLAY:
High-impact floor stand with full color header featuring Bert*, Ernie*, Big Bird*, and Cookie Monster* sell for you at point of purchase.

BACKED BY ITS OWN NATIONAL ADVERTISING!!

Sesame Street and the Sesame Street sign are trademarks and service marks of The Children's Television Workshop.

*Bert, Ernie, Big Bird, and Cookie Monster are trademarks of Muppets, Inc.

Discount Store Census '81/'82

Plastic Models Gain; Chains Upgrade Selection



Wal-Mart went up, up and away with an assortment of plastic "riders" in the toy department, as seen in its Moore, Okla., store. (DSN photo)



While discounters reported consumer resistance to high-priced electronic toys, they remain a must-have category, as shown at Caldor, Woonsocket, R.I. (DSN photo)

(Continued from page 97)

10% decline from 1979's total business.

A similar battle is being waged in the die-cast toy area, where lesser-known brands are struggling to gain a foothold against the big two—Matchbox and Mattel's Hot Wheels.

Buyers said there is now more consumer acceptance for names such as Corgi and Tomy, and for the import lines from JRI, Kidco and Zee.

Last year, Bradlees successfully gave over 32 running feet of wall space to its die-cast toys, expanding its assortment to 50 sku's. Similar stocking will take place this holiday season. The buyer at the Massachusetts-based chain said that the category was growing because of the low price points that gave the young consumer a good buy for his dollar.

Another benefit connected with the category is its minimal promotional activity, an element that will allow buyers to maintain the high markups the off-brands carry. During last year's fourth quarter there was very little promotional activity in this category, and this Christmas season buyers say the trend will be very much the same, with chains tending to run only one or two "stocking stuffer" promotions.

Buyers are also placing their dollars and confidence in plastic models, as last year's trend—steadily increasing unit sales due to consumer responsiveness to upgraded assortments—continues.

However, this year buyers are stocking more middle- and high-end models, and reducing the extensive selection of lower-end models.

This trade-up strategy was taken by New York-based S. E. Nichols, where buyers changed the model mix to one weighted heavily in favor of midpriced models. Previously the chain's mix was strongly in favor of low-end stock.

Licensed products will also continue to be best sellers this Christmas. The Dukes of Hazard, Star Wars and Strawberry Shortcake are high on the list of discounters' favorites for this holiday season, and already discounters are reporting that they are having trouble getting enough of the character-imprinted items onto their selling floors.

You've decided that people will be the key to your stores' productivity in the 1980's. WHAT NOW?



RST teaches supervisors and managers how to solve performance problems.

Now is the time for RST (Retail Supervisory Training). You've identified the key to productivity. Next comes the crucial question: How can you insure that your employees will really be able to build the future success you want? RST is the proven answer.

No other system of training like it. RST has already demonstrated profitable bottom line results throughout the retail industry. Developed by MOHR, RST puts the validated training techniques of Behavior Modeling to work. Designed expressly for retailers, RST is tailored for supervisors and middle managers in department stores, specialty stores and mass merchandisers.

In store after store RST has helped to cut down absenteeism...avoid the risk of unionization...reduce costly turnover...reduce shortages...improve cooperation and communication between departments...and increase employee productivity.

It adapts. It fits. It lasts. Modular in design, RST adapts easily to suit your special requirements. It fits tight retail schedules. And though some kinds of training are fast forgotten, RST skills are applied on the job immediately and continue to grow. RST helps your organization be self-sufficient, with an in-house management development process.

Choose the skill modules that meet your needs. Some examples: Motivating an employee with a performance problem...Improving average performance...Delegating responsibility...Teaching a job skill...Communicating benefits of nonunion status...Reducing resistance to change...These and other modules can help make the difference in developing successful retail managers.

Many leading retail organizations rely on MOHR's Retail Division. Among them: Carter Hawley Hale, Federated Dept. Stores, Jamesway, Magic Mart, W. Bell & Co., Melville Corp., Zayre Corp...to name only some.

Act now for fast results. See just how quickly RST can help to increase your company's productivity. For full details, phone John Lee, Vice President and General Manager of MOHR's Retail Division, at (203) 357-1357. Or mail the coupon today.



Comprehensive training materials (right) and proven Behavior Modeling techniques are two elements of the RST success story.

RST
Retail Supervisory Training

MOHR Management of Human Resources Development
30 Oak Street, Stamford, CT 06905
Phone (203) 357-1357
New York • Houston • Los Angeles • Honolulu

☐ Please contact me. I wish to arrange for an RST presentation at my location. ☐ Send me more information about RST.

Name

Title

Company

Address

City State & Zip

Telephone

Woolco, Hills Prototypes Upgrade Presentation

Men's & Boys' Wear

- **Discount Store Sales** .. \$6.1 Billion
- **Sales per Store** \$747,000
- **Department Size** 7,560 Sq. Ft.
- **Annual Sales per Sq. Ft.** \$99
- **Annual Turns** 3.9
- **Initial Markup** 41%
- **Gross Margin** 33%

BOXSCORE



Wal-Mart introduced fashion fixturing in its apparel departments last year, as in Moore, Okla., store. Hard lines kept their traditional mass display presentations. (DSN photo)

Discount stores are instituting their own version of the Equal Rights Amendment: strengthening men's apparel, by giving it the same high-profile, trade-up treatment that ladies' apparel has been enjoying.

New Approach

A year ago the big news was K mart's unveiling of a new, more fashionable presentation. This year Woolco and Hills deserved attention.

The fashion image spilled into new prototypes for Woolco and Hills in 1981, and continued to be refined in historically trade-up chains like Caldor.

Woolco is going after a higher-income (male) shopper in earnest with its new prototype, which features new fixturing, up-front displays of branded goods and the introduction of new fabrications in casual wear. In addition, the chain is testing the split merchandising of its boys' wear: Junior boys' is positioned between girls' and infants' on the left side of the infield; older boys' is on the right with men's.

Setup Is Refined

Among new fixtures were freestanding wood and chrome units with waterfall extenders for coordinate displays.

These units exhibited Woolco's entry into the designer apparel market, decked with Sergio Valente jeans and coordinating western tops. In nearby plexiglass cubes were Woolco's own Frog label knit shirts, displayed by color in much the same way Izod La-Coste is in department stores.

Further Attempts

Hills continued to upgrade its men's and boys' wear sections, using fashion-clad mannequins in crow's nest displays to show customers the way to the department. Dressed in western wear ensembles, the mannequins were draped with accessories to complete the fashion look.

Other discounters emphasizing the continuing fashionability of men's wear included Target, Wal-Mart and Clover.

Different Emphasis

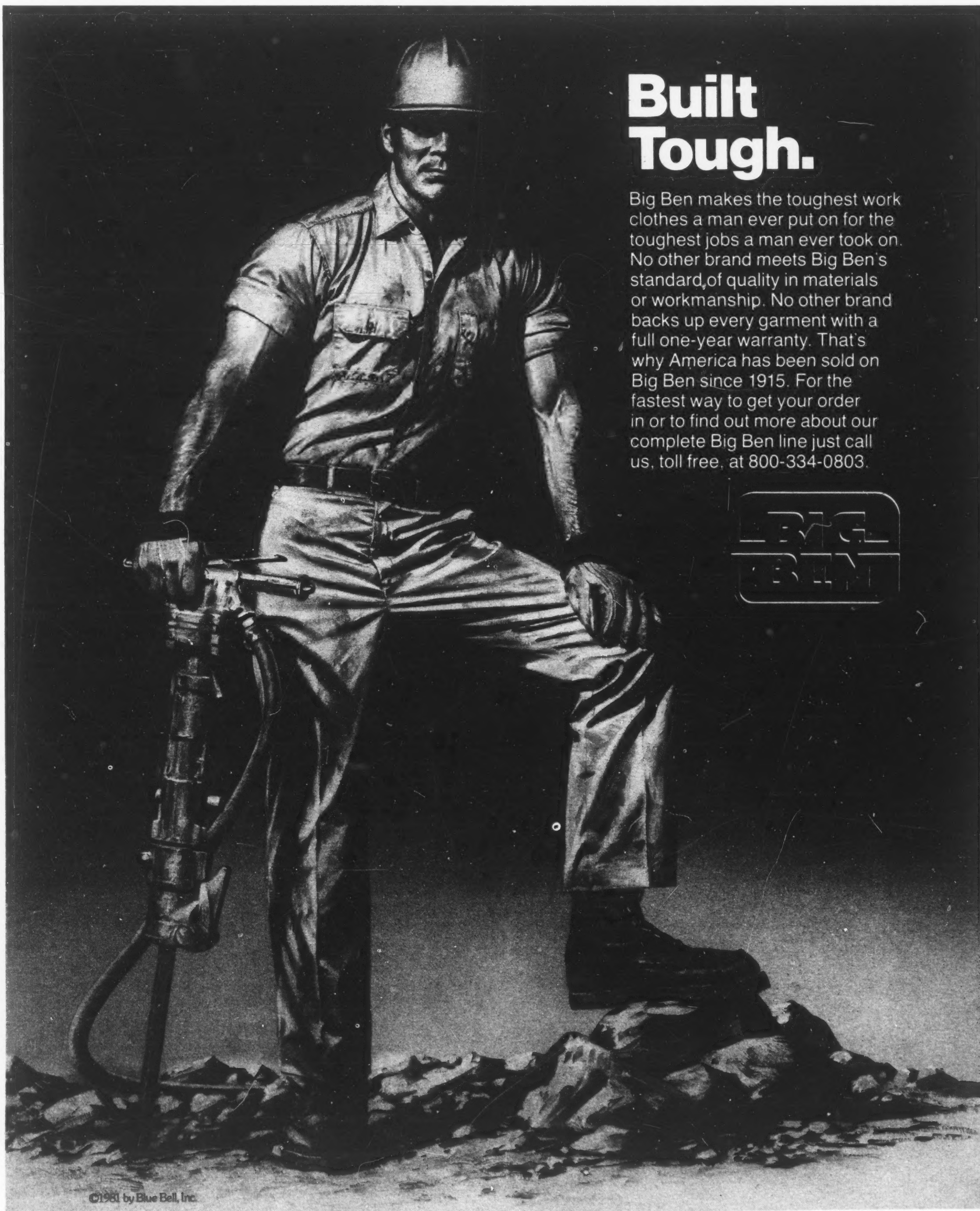
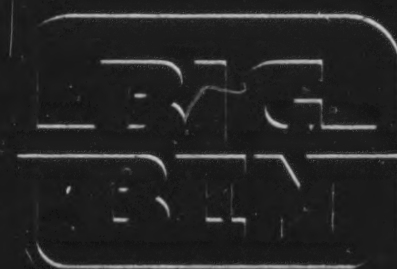
Target moved the department out front in its Nashville prototype. While not ignoring the western look, the chain emphasized the latest fashion options, including cotton shirts and cotton baggy slacks.

Wal-Mart and Clover refined

(Continued on page 118)

Built Tough.

Big Ben makes the toughest work clothes a man ever put on for the toughest jobs a man ever took on. No other brand meets Big Ben's standard of quality in materials or workmanship. No other brand backs up every garment with a full one-year warranty. That's why America has been sold on Big Ben since 1915. For the fastest way to get your order in or to find out more about our complete Big Ben line just call us, toll free, at 800-334-0803.



©1981 by Blue Bell, Inc.

Discount Store Census '81/'82

Conventional Discounters Join Fashion Push

Ladies' Apparel

- **Discount Store Sales** . . \$9.1 Billion
- **Sales per Store** \$1,115,000
- **Department Size** 9,990 Sq. Ft.
- **Annual Sales per Sq. Ft.** \$112
- **Annual Turns** 5.8
- **Initial Markup** 44%
- **Gross Margin** 36%

BOXSCORE



May's Family Centers keeps apparel price tags in the low to moderate range, and fashion fixturing to a minimum in its Chicago stores. (DSN photo)

Discounters continued to give more space and/or better play to ladies' apparel in 1981, using updated fashion fixtures and upgraded assortments to draw consumers to the high margin area which accounted for more than half of all discount apparel sales in 1981.

Expanded assortments, higher-ticket items, more brand names and stronger fashion statements are no longer unique to the upscaled discounters like Bradlees, Caldor, Target and Zody's. K mart, Woolco, Wal-Mart, Roses, Fishers Big Wheel and Hills have joined the trend.

Woolco unveiled a new prototype in East Brunswick, N.J., that marked its entry into upscaled discounting. Woolco revamped the store with new signing and decor and allocated 25% more space to women's wear. The chain hopes to increase apparel sales by 8% chainwide with this new direction.

The Woolco layout positioned women's wear in the left front quadrant of the store, devoting both sides of the main aisle to fashion presentations of misses and junior wear. The chain took a stronger (in-stock) position in mix and match, emphasizing the move with coordinate-clad mannequins. The chain is using the new presentation to move away from its traditional polyester image, and to attract a higher-income customer. Designer jeans (Calvin Kleins priced at \$22) in a prominent position in junior wear have also been added to increase the store's fashion image.

In Victoria, Tex., Wal-Mart went after younger, more sophisticated customers with a stronger fashion presentation that positioned misses, juniors and men's wear along both sides of the main traffic aisle.

Apparel was also moved to the front of the store at Roses in Pulaski, Va. Roses gave the ladies' department extensive frontage on the main aisle and elevated hanging fixtures' height to 60 in. for 75% of all apparel.

A 50% increase in soft lines at Fishers Big Wheel's New Castle, Pa., store went chiefly to apparel, and new signing in women's wear invited customers to "Experience our fashion difference." Fingerwalls were added to provide space for collage-like displays as part of the

(Continued on page 118)

The heart of the garment district.



Greenfield, Indiana. It's a long, long way from Seventh Avenue. But it's where you'll find knitwear that comes straight from the heart. We know. We make it.

We're Indiana Knitwear.

And midwestern pride is tightly knit into every shirt we make. Every order we take.

From the integrity of the fabric. To the stitching that runs true. From the sizes that measure up. To the order that comes through. In time. On time. It's a matter of pride.

It's at the heart of everything we do.



Since 1930

230 East Osage, Greenfield, Indiana 46140
Showroom, Suite 1522, Empire State Building

Book Buyers Buck Cost Hikes, Biz Slowdown



Hills put its paperback best sellers along left front of race-track aisle at its Niagara, N.Y., store and watched the racks trigger impulse sales. (DSN photo)



Caldor positions books along the main aisle of its Taunton, Mass., store, and further supports sales by having authors visit the stores to autograph copies. (DSN photo)

A slowdown in paperback book sales and rising costs have forced discounters to write new chapters on how to better merchandise the category.

For some, the way to go has been to rework their buying programs, taking 10% or higher discounts, and going to register-tip programs to combat lagging sales.

Two chains reported improved sales after creating new ordering programs: Heck's abandoned a variety of distributors and direct buying, opting for one national distributor with a computer program; T.G. & Y., on the other hand, went to a number of distributors—local, regional and national sources—and supplemented their assortments with some direct buys, particularly on bestsellers.

The Heck's method, introduced in 1979, has achieved a 95% increase in sales in two years—60% the first year and 35% in 1980. T.G. & Y., which instituted its new program in 1980, experienced a 20% increase in sales. Both chains claim their programs make them more responsive to customers.

The focal point of the Heck's method is a computer card which allows the distributor to tailor the mix for each of the chain's 75 stores. Each book contains a card that is mailed back to the distributor for reordering purposes. The distributor automatically adjusts the mix according to each store's selling patterns.

T.G. & Y. buyers believe the chain's distributors are 80% accurate in making book selections, so they fine-tune that assortment with input from regional and store personnel. In some cases, the buyer doesn't wait for either. For example: Last year when "Shogun" was a hit, the buyer direct-ordered large quantities of the book and freestanding floor display, instead of waiting for distributors to order up the title. The new system also lets the chain adjust its mix to fit regional tastes—like adding more inspirational materials in its Bible Belt stores.

T.G. & Y. also uses register-tip displays and 10%-25% discounts to build sales.

Many other discounters have also turned to register-tip programs—to prominently position the top five or 10 best-

(Continued from page 118)

NOW, MONARCH'S MODEL 2040 PROVIDES THE ULTIMATE IN RETAIL MARKING...

Here's The Merchandise Identification System Designed To Meet Retail Needs — Not Just Adapt To Them!

PRODUCTIVITY! 50% more productive than conventional table-model printing systems, so your capital investment is rapidly justified. Permits entry of merchandise identification data for your tags/labels while printing previously entered information, stacking tags, rewinding labels. Provides single station control over multiple printers. And, these are just some of the features that increase the productivity of your marking system!

CONTROL! Easy to understand step-by-step operator instructions are displayed on the system's CRT screen. Format controls, pre-selected by the user, ensure accurate field length and identifiers. Data is verified when "check digit verification" is necessary. Proper number of supplies and character fonts are printed even if the printing operation is interrupted.

FLEXIBILITY! Need to change your printing formats or character fonts for a line of information? Just place the system in the formatting mode and make the changes through the keyboard. Create a totally new format, change fixed data or character fonts by selecting from one of five fonts — ranging from OCR-A to Bold characters.

MODULARITY! Building Block concept lets user add printers to input station (CRT) as needed. Just one input station drives from one to seven printers, allowing system growth as required.

RELIABILITY! The marking industry's largest, finest nationwide network of Service Specialists keep your expenses down by making sure your marking system stays "up."

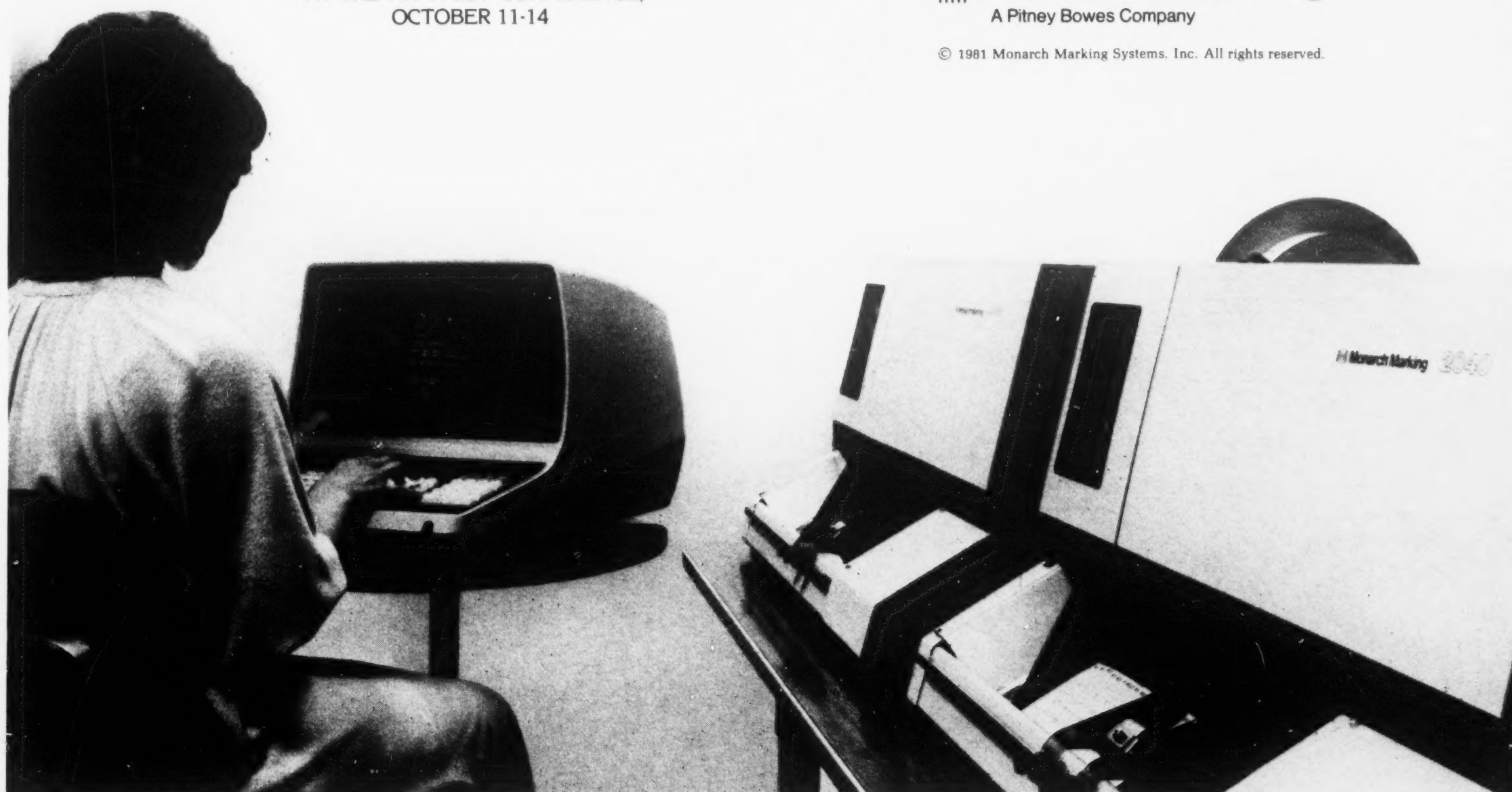
For more information about Monarch's "Right-For-Retail" Model 2040 and other productive systems and supplies, write Monarch Marking, P. O. Box 608, Dept. 806, Dayton, Ohio 45401, or call us...

CALL TOLL-FREE: 800-543-6650 (In Ohio, 800-762-6600) Phone lines open 7 a.m. 'til Midnight, Eastern Time, Monday thru Friday.

SEE MONARCH'S "RIGHT FOR RETAIL" SYSTEMS...
AT THE NRMA-EDP CONFERENCE,
OCTOBER 11-14

Monarch Marking
A Pitney Bowes Company

© 1981 Monarch Marking Systems, Inc. All rights reserved.



DOMESTICS

Discount Store Census '81/'82

Biz Rises 20% as Sections Upgrade, Expand

Domestics

- Discount Store Sales .. \$2.4 Billion
- Sales per Store \$294,000
- Department Size 3,120 Sq. Ft.
- Annual Sales per Sq. Ft. \$94
- Annual Turns 3.6
- Initial Markup 42%
- Gross Margin 35%

BOXSCORE



Woolco gave more floor space to domestics in its new prototype store and signed the area with earthtone bands and supergraphics. (DSN photo)

Along with apparel, discounters have been expanding and upgrading their domestics departments to boost high-margin, soft goods sales.

The move has paid off: Industrywide volume advanced 20% last year, sales per store increased 14% and sales per square foot went ahead 13%.

Among the changes made by many chains is a merchandise presentation that ties domes-

tics into home decor and/or bath shop, or one which emphasizes the colors and patterns of the goods in more fashionable displays.

Chains were also taking a closer look at their soft craft assortments—replacing once popular latch hook kits with this year's favorite, cross-stitch kits—and making changes in the craft category's position in relation to other domestics pro-

grams.

At Bradlees' newly remade New Jersey stores, for example, soft crafts were moved inside the domestics department and the traditional mix of fabrics, yarns, notions, and needlecraft kits was supplemented with high-ticket, assemble-it-yourself (wooden) dollhouses and big-ticket miniatures.

Chain executives said the new product area was targeted

at adult collectors as much as at children.

At upscale Caldor, an already fashionable domestics presentation was taken a step further during the last year.

The chain added a long row of cylinder-wrapped towels—color coordinated with the stock set out in cubes below—to the main wall of the department. The rainbow effect is easily seen from elsewhere in

the store. Elsewhere in the department, curtains and drapes were hung on backlit "mock" windows which formed aisle and endcap vignettes with mini-beds dressed in the chain's assortment of (matching) spreads.

Jefferson/Ward, too, took a vignette approach in its stores' domestics departments. Woolco gave the category more floor

(Continued on page 126)

CHILDREN'S

Discount Store Census '81/'82

Conservative Fashion Gains

Discounters are taking a more conservative approach to children's wear.

Buyers didn't invest in long shots in children's wear for back-to-school this year, and seasonal 1981 promotions emphasized basics and last year's best sellers: the western look and a toned-down version of the preppy look.

Back to basics doesn't mean that fashion has been abandoned, however. Buyers reported the category is becoming increasingly more fashion oriented, only for now they say they serve a fashion mix that will also appeal to consumers' pocketbooks.

To do this, discounters are stressing more flexible, casual dress looks with longer-life and easy-care fabrications, simplified styling and multi-purpose wear under the basics theme.

Woolco stressed multi-purpose wear in one of its recent BTS promotions for girls' jumpers. The ad referred to the jumpers as "wardrobe stretchers" to be worn alone in warm weather or with a blouse for cooler weather.

Murphy's Mart billed its selection of girls' dresses as "school fashions with lots of class" and featured dresses with printed skirts, solid-colored tops and border prints for a two-piece effect. Buyers look for prints, particularly woven fabrications, to be big sellers in girls' wear. For a modified preppy look, the items are shown with blazers.

In tops, the western look is still the dominating theme for boys. Many chains expanded their selection of boys' western shirts to include screen prints and new embroidery. Knit and panne tops, updated with quilt-

ing and embroidery, are also expected to be winners, while velour tops are receiving less play.

Buyers report corduroy will be popular in jackets, particularly western blazers. However, the reaction is mixed as to what sales of corduroy pants will be. Many discounters noted decreased corduroy sales during the past few years and trimmed their orders accordingly for this year.

In fashion pants, colored carpenter pants are expected to remain popular, even though sales of neutral-colored carpenter pants have dropped off by as much as 50% at some chains. Buyers also expect military-detailed pants for boys and tie-bottom pants for girls to do well.

Denim jeans still dominate the pants business, particularly

(Continued on page 112)

CASITE
SPRAY-LUBE
ALL PURPOSE
CLEANER • LUBRICANT

YOUR QUICK SOLUTION
IF IT STICKS, SQUEAKS OR
HAS A MOISTURE PROBLEM

Home, auto, farm, fleet, shop and
recreational equipment maintenance

NET WEIGHT 9 OZ

"YOU CAN'T SELL
A BETTER
PROBLEM
SOLVER!"

as seen on
CBS-TV
Morning News

**HASTINGS
MANUFACTURING CO.**
Hastings, Michigan 49058

FILTERS • PISTON RINGS • CASITE PRODUCTS • TOOLS

Selling the number one can opener
is as easy as using it.

A success from the start.

In 1955, we introduced the Swing-A-Way #407 Portable Can Opener to America because we realized it was not always convenient or practical to attach one of our popular wall openers.

There were other hand-held can openers on the market, of course, but we envisioned one that was not flimsy and hard to use. What we wanted was a can opener that was as substantial, durable, and efficient as our wall models.

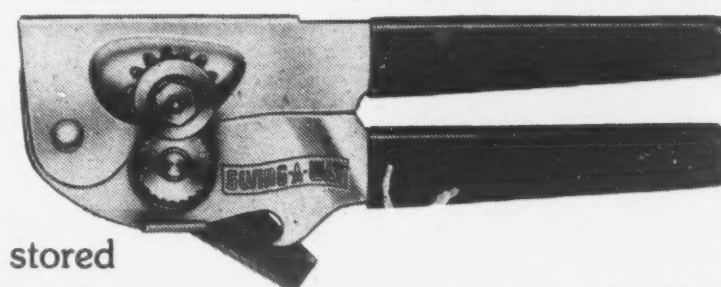
It is no coincidence that the result was the heavy-duty, easy-to-use, gear-driven Swing-A-Way Portable. And it stored in a drawer, out of the way.

In the process we created a classic—a truly sensible can opener.

Today, the Swing-A-Way #407 has become the largest selling can opener of its kind in the world.

SWING-A-WAY

People everywhere tell us it's the best.



SWING-A-WAY ST. LOUIS 63116

Discount Store Census '81/'82

Profitability Is Problem; K mart Dropping Dept.

Fabrics & Sewing

- Discount Store Sales .. \$1.0 Billion
- Sales per Store \$123,000
- Department Size 1,400 Sq. Ft.
- Annual Sales per Sq. Ft. \$87
- Annual Turns 2.8
- Initial Markup 42%
- Gross Margin 35%

BOXSCORE



T.G. & Y., Oklahoma City, trimmed the size of its larger fabrics departments by 12%, but did not alter the mix, in an effort to boost sales per square foot from \$89 to \$100. (DSN photo)

There's no common cure for struggling fabric departments in discount stores. As evidenced in 1981, discounters are trying several strategies to make the departments more profitable, including reducing department size, trimming unpopular sku's and

eliminating service. Re-merchandising focused on soft crafts is also becoming more popular. K mart plans to abandon its fabric department altogether. Fabric departments throughout the chain will be removed by year's end, as K mart looks

to move in larger domestics and additional crafts. T. G. & Y., with the biggest fabric departments in the industry, cut the size of its largest ones by 12% and compacted inventory in an effort to boost sales per square foot. The chain (Continued from page 126)

CONSUMABLES

Discount Store Census '81/'82

High Turns Key Mix Expansion

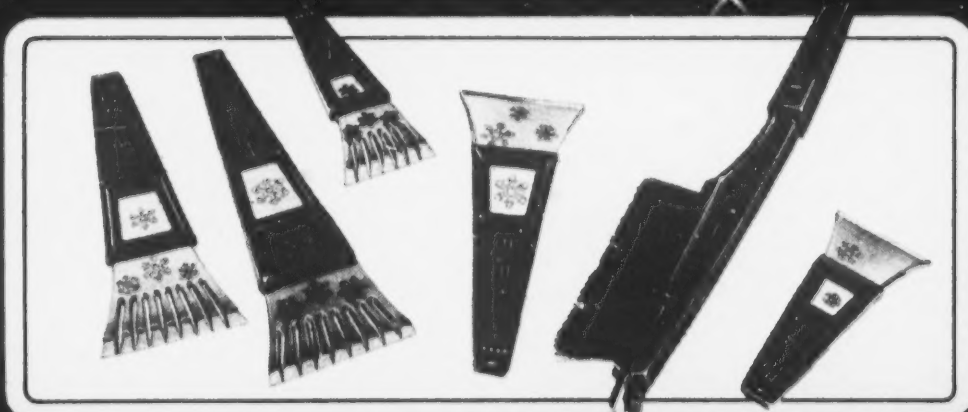
Consumables are having a renaissance in discount stores. Some discounters have found that noncandy consumables—carbonated soft drinks in particular—can maintain high turns (as high as 70 a year at some chains) and high-enough earned gross margins (15%-20%) to produce more gross margin dollars than other higher-margin but slower-turning merchandise, with less inventory investment. The high GMROI perfor-

mance fits right into most chains' 1981 strategies, and they're expanding the consumables mix to maximize the gross margin dollar production and keep their cash working. (In most cases, the soda is sold long before the invoice comes due, so soda generates its own open-to-buy.) K mart, in a recent test, got 68 to 70 turns from its carbonated soft drinks, and is now putting a 20-ft. section in all stores (within the existing de-

partment, with no reduction in the overall consumables assortment). Jamesway's soft drinks program has brought a 26% increase in sales chainwide, from 8 to 32 linear feet of supplier displays, often outside the checkouts in the front of the store. A Jamesway buyer said the average margin is 15%, but can range up to 26% with as many as 70 turns. Heck's has expanded its soft (Continued on page 112)



Distinctively classic.



Bear Claw™ Ice Scraper, 10", 12", 7"; Classic Scraper, 10", 7"; Snowbrush, 19". Assorted colors.

Finest materials. Ruggedly engineered. Rigid quality control. Customer-preferred design. All combine to make Hoppy car window care products the classic favorite of today's quality-conscious consumer. As a retailer, you'll like the choice of Hoppy's various program

packages. They're flexible and offer generous mark-ups. Choice of floor or counter displays. Extra incentives for early action. Plus Hoppy's well-known tradition for delivery as promised. Get full details today. Call your Hoppy rep. Or mail the coupon now.



The Image of Difference™ Hopkins Manufacturing Corporation

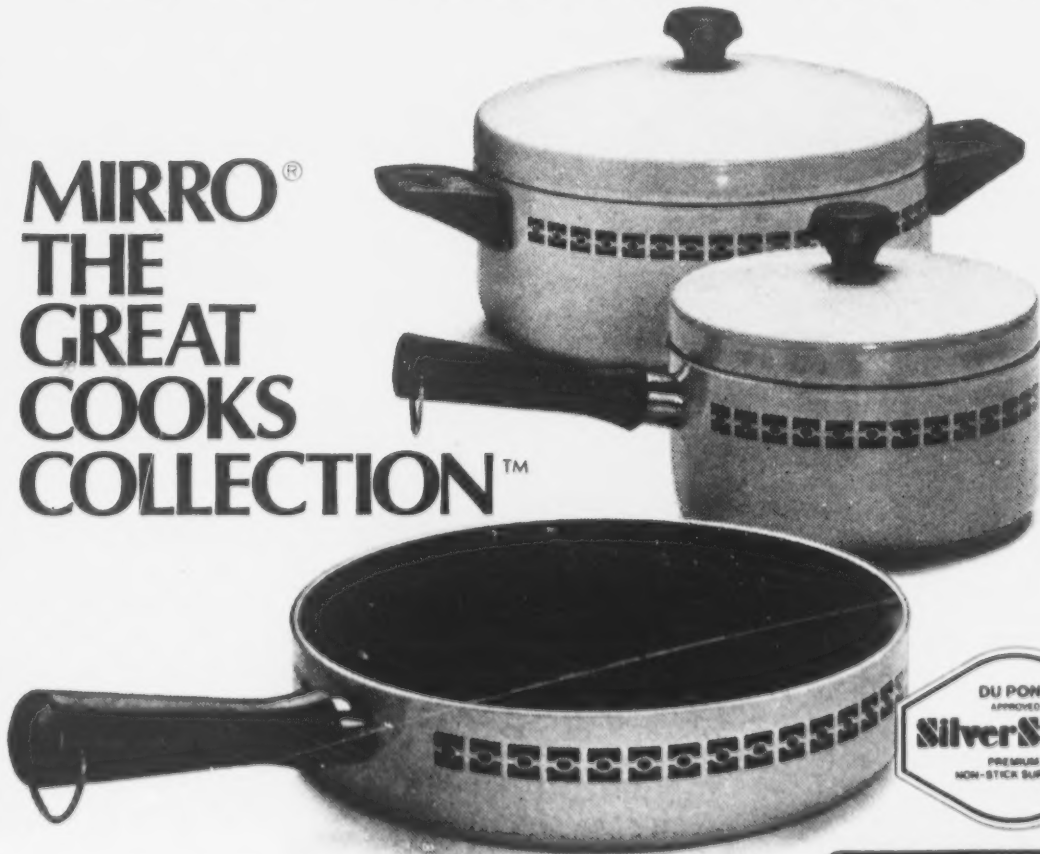


428 Peyton • Emporia, Kansas 66801

Tell me how Hoppy's quality ice scraper packages will work for me. DSN Hopkins Manufacturing Corp. • 428 Peyton • Emporia, KS 66801 NAME TITLE STORE/CORPORATION ADDRESS CITY STATE ZIP

America's most cooked in cookware™

MIRRO THE GREAT COOKS COLLECTION™



Collect great sales with great looks in Almond or polished aluminum. Plus SilverStone® displays, P.O.P.—the works!

BUY WHAT SELLS!





Oklahoma City-based T.G. & Y. utilized triple-tiering of name brand coordinates in the children's wear department of its Kansas City, Kan., store. (DSN photo)

Children's Wear Styles Take Conservative Route

(Continued from page 107)

western-influenced styles with new embroidery and computer stitching.

Despite manufacturers' refusals to ship discounters direct, Wranglers and Lees have become staples in most stores, where more Levi's and designer jeans are also appearing with regularity.

Hills carries Sassoon on a fairly regular basis for sizes 7-14, priced at \$21.97. On a more limited basis, the chain also carries Jordache and Bon Jour for \$19.97.

Hills is also one of the few chains stocking designer jeans for small children and infants. "The designer logos are often bigger than the jeans," said a spokesman. The jeans, bearing price tags of \$10.97, are "grandma bait" and therefore have sold well, the buyer said. Again, emphasis appears on fashion for the younger set.

Most chains are paying closer attention to 4-6x departments and infants' wear, realizing chil-

dren are as fashion-conscious as their mothers. The growth in the departments is also credited to more variety and quality in merchandise offered by manufacturers, and greater competition from children's specialty stores.

Roses is among discounters taking a second look at its children's department. Buyer Patricia Hofmeister plans to revamp the department, expanding assortments, upgrading price points and, in general, upgrading the presentations.

Woolco gave new life to its infants' department when it unveiled its new prototype in East Brunswick, N.J. The department's size was increased by 30% to make way for expanded assortments and higher priced goods. At the high end, the chain added Garanimals mix-and-match items for infants and toddlers to entice trade-up customers. A full line of Gerber baby accessories was also added and given prominent play in the department.

Despite buyers' reluctance to go out on a limb with trend and novelty items, the sweet scent of higher ticketed Strawberry Shortcake character goods prompted many buyers to expand 4-6x and 2-4 categories.

Gee Bee and Gold Circle devoted full and half-page BTS advertisements to Strawberry Shortcake clothes for girls. Gold Circle's ad featured pomp socks, belts, underwear and assorted polyester-cotton shirts for sizes 4-14, as well as coordinates and toddler dresses for sizes 2-4. Gee Bee featured long-sleeved crew and turtleneck tops and corduroy or twill pants for sizes 2-6x, dresses for 4-6x and underwear for 2-14.

Carrying the popular strawberry character on children's wear carried over into accessories as well. Hills developed a new children's jewelry display (in its jewelry department) for strawberry items, popular theme characters from Sesame Street, and items replicating Alphabet Soup and Crayolas. A spokesman for Hills said children's accessories are an exploding category.

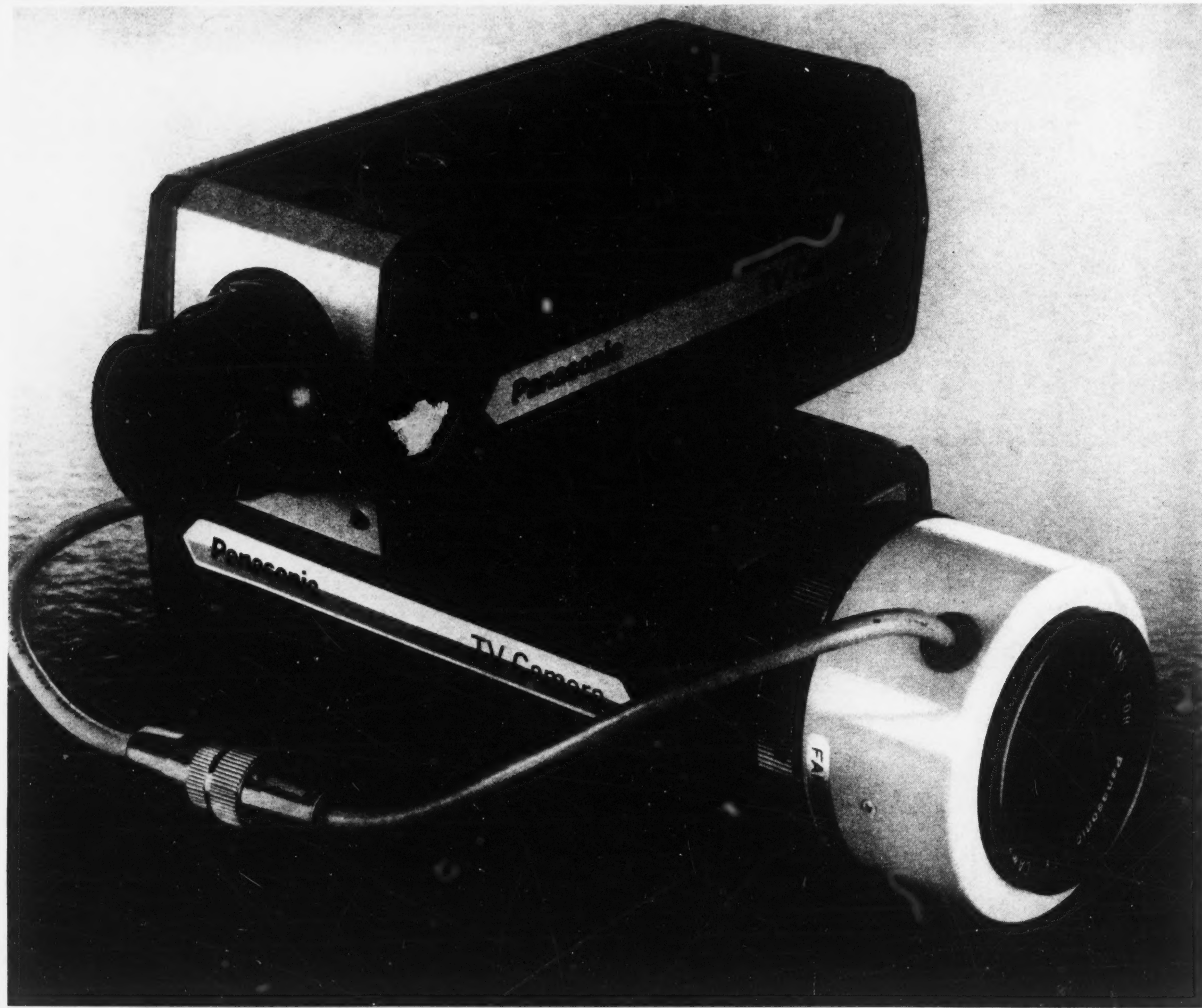
Consumables

(Continued from page 111)

drinks to 16 ft. from a 4-ft. section, broadening the mix to make consumables more than an impulse item. Soft drinks have everyday margins of 21%-24% at the chain.

Even discounters reluctant to give consumables more space on a day-to-day basis are making room for more in-and-out merchandise—usually with normal margins—to take advantage of the traffic-drawing power of the department. A buyer at Woolco—where the department is already 10 times larger than it was a few years ago—predicts continued growth for the department, with the addition of refrigerated goods in the future.

But, there are problems besides thin margins in stocking consumables, buyers say. Foremost is the need to cut under grocers' prices: Most discounters don't have adequate warehousing space, and so they are generally forced to have goods shipped direct to stores. Thus, they are prevented from buying in truckload quantities, and pay more than grocers do.



Actual size of camera bodies is 6 1/4" long.

Watch your assembly line, trucking line, or checkout line without adding an electrical line.

Now Panasonic makes it easy to plug into CCTV. Unlike conventional cameras, our new WV-1600 and WV-1650 use just a single coaxial cable for both power and video. So all you have to do is plug our AC control box in any outlet and run the coaxial cable to the camera location—up to 1500 feet away. That makes installation a small job instead of a big production. And that can save you time and money.

With our DC control box, you can plug into CCTV

even when there's no power company to plug into. It can work off any 12-volt battery such as your car or truck battery. And the compact size of our cameras makes mobile surveillance easier and more practical.

Though they're small in size, our cameras are big on performance. Our WV-1650 features our famous low-light Newvicon® tube with its incredible light-gathering capabilities to keep you out of the dark even when what you're watching is in it. And it de-

livers a steady 40dB S/N ratio with only 0.05 footcandles. The WV-1600's 2/3" vidicon tube offers outstanding sensitivity (minimum illumination 1 footcandle) and a picture that's

crisp and clear (horizontal resolution 500 lines).

Both cameras include white-clipper and black-clamp circuitry, automatic beam circuitry, and mechanical and electric focus. And Panasonic has a wide selection of lenses and housings.

No matter what line you're in, keep an eye on it with Panasonic. After all, no one makes CCTV easier.



Panasonic.
VIDEO SYSTEMS DIVISION

Exercise Gear, Rod/Reel Sets, Lawn Games Hot

(Continued from page 80)

than-average margins. Chains such as Woolco, Hills and T.G. & Y. relied heavily on imported goods to increase overall department profitability.

Lawn games also received more discount attention as more consumers stuck close to home this summer rather than spend money on gas and vacation traveling. Buyers said consumers leaned toward the higher-quality, higher-priced volleyball, badminton, and tetherball sets, adding that people who wanted durable games were not afraid to pay the price. Most buyers used the low-end badminton, volleyball and combination sets as key promotional features, target-

ing long weekends for major ads.

Consumers demanding more variety from a single game prompted buyers to stock combination sets in addition to traditional one-purpose lawn games. Hills offered a four-game novelty combination set which included Posse Pitch and horseshoes among its four sku's in the combination set category. The buyer at Prange-Way also noticed that customers leaned toward combination sets and added that his shoppers were not turned off by high price points, as for example, a high-end volleyball set retailing for \$25.

Better quality, high-ticket merchandise was also the rule

rather than the exception in exercise equipment as more buyers successfully extended selections to include high end benches, bicycles, and weight sets. Buyers balanced pared-down gross margins of high-end merchandise against improved turnover and volume levels produced by the promotional activity, and used the rarely promoted packaged items (including tummy toners, chest pulls and jump ropes) to maintain overall category profits.

New Approach

Caldor is one of the chains that moved deeper into the category this year, increasing its exercise bike assortment from three to five sku's, ranging in

price from \$99.99 to \$149.99. This upgraded assortment was rounded out by a \$94.99 rowing machine, and a step-up, 165-lb., all-steel weight set. Bench selection also benefited from the chain's move to step-up equipment, going from one standard model to five benches, ranging in price from \$24.99 to \$45.99.

Discounters also saw good news coming from such diverse items as boxing equipment, inflatable boats and basketballs.

The success of boxing-related movies caused sales of striking bags, heavy-duty bags and boxing glove sets to rise above previous years' totals as the mid-teenager and the young adult began to take up the sport. Zody's, a division of Hartfield-

Zody's, increased sales by featuring a 12-ft. section of speed bags, headgear and boxing gloves. Caldor used training gloves in promotional efforts, which led to quick sell-outs.

Inflatable boats became a reliable source for summertime profits due to high maintained gross margins and big-ticket sales. The category snags an average 40% gross margin while taking a minimal amount of advertising to move product. Most chains drew traffic with promotional one- or two-person boats while offering step-up models at higher margins, while many other discounters merchandised the boats alongside high-margin (up to 50%) boating accessories.

Biz Is Generally Dull, But 35mm Cameras Click

(Continued from page 69)

to finishing business as a result, according to a spokesman.

In cameras themselves, 35mm represents the largest growth category for the year. Not only have companies such as Keystone come out with low-end 35mms, creating a new market at retail below \$40, but discounters are also increasingly finding it possible to move high-ticket cameras (to \$400 in some cases).

Atlanta-based Richway plans to add Canon and Minolta 35mm cameras to its photo department for the Christmas season, boosting its high end to \$250. The chain is looking for large volume gains in the category and plans vigorous fall promotions.

Prange-Way has gone heavily into 35 mms, carrying an Olympus OM-2 as its top of the line at \$450. David's has also gone into 35mm more extensively this year; Gee Bee re-entered the category, and ALCO decided to promote more of the single lens reflexes (SLRs).

Heck's has also increased its commitment to 35mm in the past year, going from two sku's to four by adding a rangefinder at \$79 and an SLR at \$239. Rink's is yet another chain that has moved into 35mm on a full-time basis. In the past, the chain carried one sku as a Christmas seasonal item, but now stocks four sku's from \$149 to \$259.

Margins in excess of 25% are still to be found in 35mm, unlike

instants and pockets where 15% margins are commonly the maximum achieved due to constant promotion.

Constant promotion of instant cameras—often run at cost—has been singled out by buyers as one factor in the decreasing ability to generate traffic in the category. "You won't sell what you did four or five years ago when you run an ad," a spokesman at S. E. Nichols noted, "because the consumers know if they don't get it this week, they can get it next week."

A spokesman at Prange-Way said that unit sales of instants dropped 30% last year despite frequent promotions at cost. Spokesmen at Jamesway and several other chains also noted difficulty in the category, particularly as film prices spiral upward of \$7 for one pack at retail.

New-product introductions in the category include Polaroid's Sun Camera, which uses high-speed film and strobe flash (built-in) to compensate for lighting differences in every exposure, and Kodak's Colorburst 350. The new Kodak instant features a telephoto lens. Buyers at many chains hope the new introductions will generate excitement in the category, though few expect strong increases in unit sales.

Pocket cameras have been a steady growth category for the past several seasons, and buyers expect this trend to continue taking larger share of department volume from instants. Pocket cameras have cornered 30% of total camera sales at some chains.

New-product introductions in pocket cameras—telephoto lenses, built-in flashes and even motor drives (more motor drives are expected on the market next year)—have helped the volume growth by creating a strong trade-up market.

Kodak has continually added new pocket cameras to its line, to the extent that chains are now cherry-picking from an assortment considered too broad to carry in its entirety. Stocking Kodak for the brand name, and going with alternative lines such as Keystone, Continental or Ansco for lower price points and higher margins is the widespread strategy in the category.

"The good thing about this strategy from our viewpoint," said a spokesman at Woolco, "is that switching lines at the low end does not make a dramatic impact on the store [merchandising]. We have used several different vendors at the low end, and the \$20 pocket camera shopper is not as conscious of camera differences as purchasers at the high end."

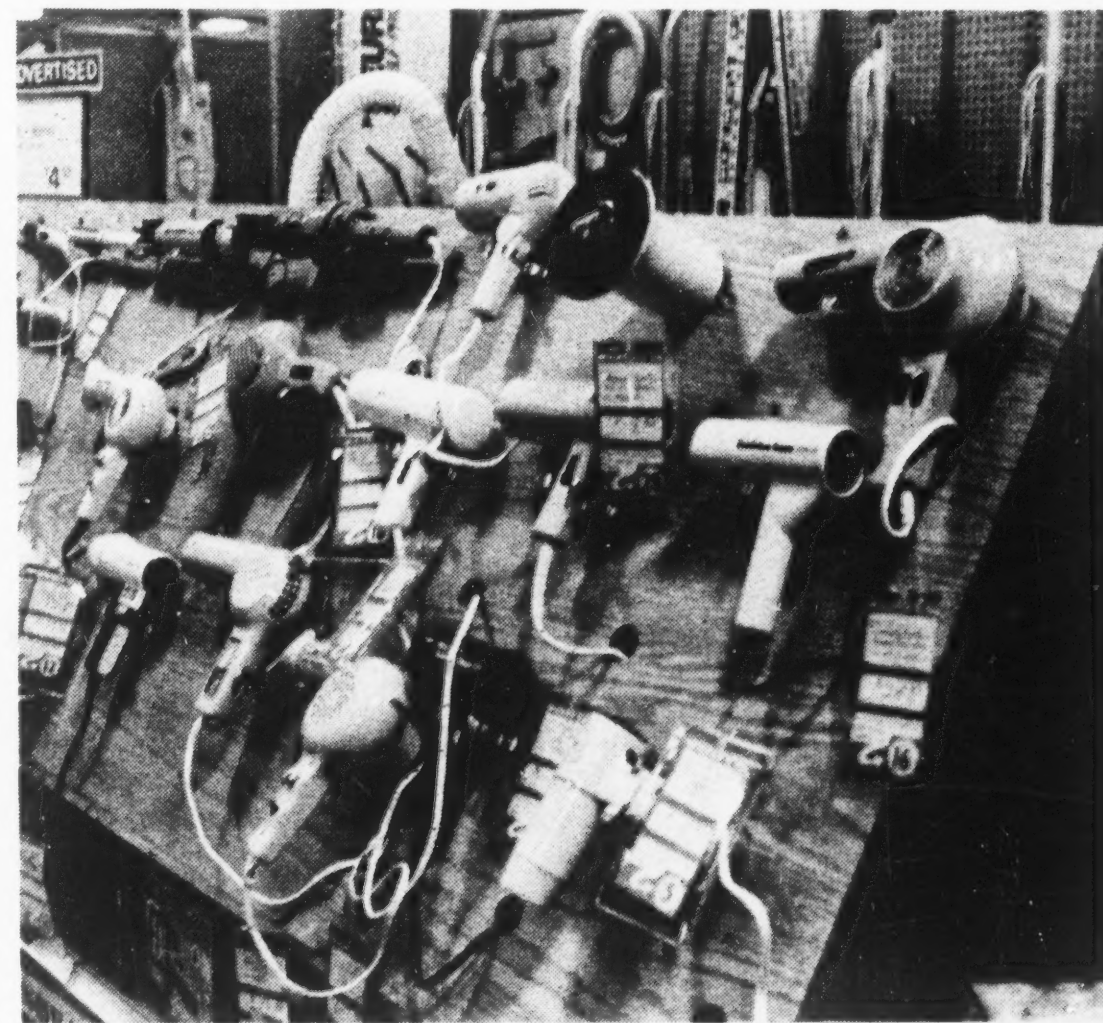
K mart, King's, Caldor,

Woolco, Jamesway and others are prime examples of using lesser brands to cut under the \$20 price point in pocket cameras. Some of these chains have even added unbranded cameras for additional gross margin points and competitive ad prices.

The off-brands have made inroads at the high end of pocket cameras also, with chains such as Venture, T.G. & Y. and Gee Bee running trade-up pocket cameras during the year near the \$50 price point. Using this strategy, they are able to undercut Kodak's price points with cameras featuring telephoto lenses, built-in flashes or motor drives in some cases.

The high end in pocket cameras is \$60 commonly, as discounters find Kodak's Ektralite 600 a popular model at that price point. Most movement in the category is in the promotional models, however, at \$25 and under.

While many discounters are finding a viable market in accessories for 35mm cameras, others who have not stocked 35mms extensively are reluctant to invest inventory dollars in the area. Accessories such as camera bags and photo albums—with margins of 40% to 60%—will be prominently merchandised for the fourth quarter throughout the industry, however.



Natural woodgrain angled unit is used for personal care electrics in Zody's, Stockton, Calif., so that the display of working models conforms to store's overall fashion look. (DSN photos)

Personal Care

(Continued from page 63)

become a big seller due to heavy manufacturer ad support. But a Heck's merchandiser said his chain was taking a wait-and-see attitude.

Interest in the heat wrap/cold pack is riding the crest of the jogging and physical fitness craze sweeping the country.

Heat wraps without the cold

pack have long been a staple, discounters noted, and the new feature should aid sales.

The search for items to spark personal care appliance sales reflects the staple nature of the hair dryers and curling wands that make up the heart of the category. To date, manufacturer rebates have helped spur sales, but only brand new items will create the excitement needed for maximum holiday gift sales, discounters said.

Glassware

(Continued from page 65)

their beverageware assortments.

The end result of these manufacturers' moves, discounters noted, was to strengthen the tie-in capabilities of dinnerware, glassware and servingware as tabletop goods. The new lines even spurred some chains to merchandise all of these items together.

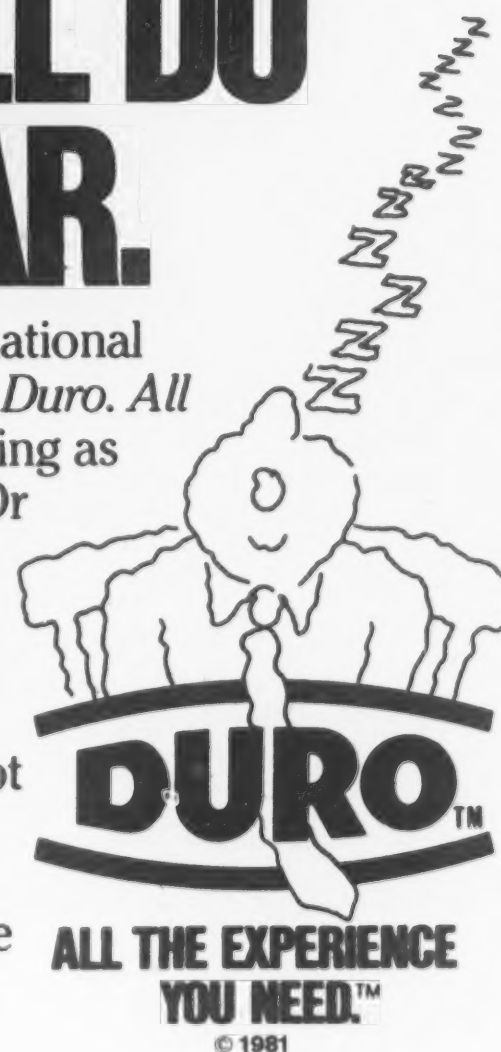
While the fashion merchandising effort has continued apace, discounters are also paying attention to their basic glassware business, beefing up stocks of packaged and boxed goods.

A Zayre merchandiser explained that bulk goods were too labor-intensive at the store level, so that packs were getting a greater play at the chain to hold down expenses while also capturing a higher total ticket sale.

The greater use of packs helps to explain the big jump in glassware sales both at store level and for the total industry, as projected by DSN.

THIS IS THE DULLEST AD DURO™ WILL DO ALL YEAR.

It's not as exciting as the year-round national Duro campaign driving home the theme, *Duro. All the experience you need.* Or as eye-stopping as our ads in national print and broadcast. Or as complete as Duro POP and merchandising programs, all laid out for you on a full-year calendar to help you plan. Consumers know Duro is number-one, and we advertise like it. If you want to sell a lot of product, maybe that's not dull news after all. For more information call 1-800-321-9188. Loctite Corporation, Automotive and Consumer Group, Cleveland, Ohio.



Four New Murphy's Marts Planned For '82

(Continued from page 42)

pected to have significant impact on merchandising at Murphy's Mart. While all merchandising was under the control of vp Aubrey Johnson coming into 1981, the company has structured management and created a separate division for apparel and accessories.

Johnson has been freed up to concentrate on hard lines (variety and home furnishings), while vp of advertising and sales promotion Robert Rowe was named to the new post of vp, apparel and accessories.

Two merchandise divisions were created to provide deeper commitment and emphasis on

apparel and other related high-margin goods, which Lytle characterized as a major priority in future profit planning.

In another move which will help shape future merchandising in Murphy's Marts, the company hired a veteran in market research as vp of corporate planning. Blair McRae, named early this year to the new post, is in charge of developing a coordinated merchandise planning system.

Consumer studies have been identified by Murphy's management as a high-priority area, and three to four studies a year may be done in the future to aid merchandising efforts.

(The most visible change in personnel during the year at Murphy, overshadowing the hiring of McRae and the restructuring in merchandising posts, was the retirement of chairman S. Warne Robinson. He was replaced by senior vp of finance and vice chairman Thomas Hudak. Hudak is a 12-year veteran with the company. Lytle remains ceo, while Hudak is chairman and chief financial officer.)

Adding It Up

A continuation of current sales gains would give the 105 Murphy's Mart stores a fiscal year's volume of \$509 million,

and would have the discounter accounting for 60% of the parent company's total sales.

For the year ended Jan. 29, 1981, Murphy's Mart sales were \$463 million, 57.6% of G. C. Murphy's \$803.7 million in sales. The discount stores recorded volume increases of 17.9%; sales per square foot jumped from \$85.86 to \$95.96, an 11.8% increase.

Net income at G. C. Murphy fell 3.9% during the year, to \$9.47 million from the year-before \$9.85 million, on a LIFO accounting basis. (On a FIFO basis, which the company also reported for comparison, earnings grew by almost 5% from

\$14.1 million to \$14.8 million.)

Lytle said an aggressive advertising and promotion program during 1980, begun to increase market share for its stores, was responsible for the reduced gross margin. In addition, heavier than normal markdowns were taken in seasonal merchandise.

The company entered 1981 with heavier than normal inventory levels, planned as part of a program to increase market share through broadened assortments. Murphy has also moved a greater percentage of its total stock into its stores, with less backup goods in warehouses.

Jamesway To Add 6 Next Year

(Continued from page 47)

crease its percentage of sales in soft goods from the current 39% to 44% by target date 1985.

In the chain's new Flemington store, several new categories and department expansions have been tried, with many slated to go chainwide. Wicker goods were expanded from the chain's 20-ft. standard run to 32 ft., and put under a special thatched-roof fixture for an exotic look.

Giftware space in the Flemington store was doubled, from 16 ft. to 32 ft. Assortments in brass giftware and oriental decor goods were broadened, and the chain added lead crystal.

Another test by Jamesway is an expanded photo department, along the lines of Barkers' (which used to operate the Flemington store). More than a dozen sku's in 35mm cameras, plus accessory lenses and dark-room equipment were added.

In order to maintain a sharp-pricing image while improving margins, Jamesway picked 116 items from its total mix to feature at 10% to 15% markups for low everyday price points.

The items chosen were highly identifiable items to consumers, and the chain began the



Wicker was one area Jamesway identified this year as having growth potential. Category gets display in lifestyle, behind dinner table tableaux. (DSN photo)

low markup policy in July in an "inflation fighter" program. It focuses almost entirely on H&BA items (100 sku's), where the chain is mostly likely to generate repeat traffic.

Continued refixturing, mer-

chandise tests and POS equipment installation follow a tough 1980 at Jamesway. Store-for-store gains were only 2%, below the inflation index of 6.3% for department stores listed by the Bureau of Labor Statistics.

New Top T.G. & Y. Executives Carry Out Store Conversions

(Continued from page 47)

partment in many stores by 12%, and turned the space over to upgraded lines in domestics.

Several operations changes were also made during the year, including establishment of a consumer research department to conduct surveys. The move will give the chain additional merchandising information. In addition, new programs such as driver training helped T.G. & Y.'s truck fleet save several million dollars by stretching gas mileage from 4.65 to 5.85 miles per gallon.

In expansion of discount store numbers, T.G. & Y. will close the year larger by 27

units, and plans to expand by roughly the same rate in 1982.

Included in this year's growth was a pickup of 20 Crest stores in North and South Carolina. Prior to the acquisition, T.G. & Y. had only 16 stores in the Carolinas.

Louisiana, Georgia and Alabama were also chosen for significant store growth this year, and T.G. & Y. decided to add two stores in California. That was the first time the chain has added to its 98 stores in that state in five years. Other sites in northern and central California have also been under inspection for future additions to the operating division.

David's to Widen Oklahoma Thrust

(Continued from page 49)

local television.

Among changes implemented since the new orchestration of management is a store-level management training program.

The chain eliminated department managers in its stores, opting for an area manager concept. There are six area managers in each store in these divisions: record, camera and housewares; soft lines; toys, sporting goods and auto; health

and beauty aids; hardware, and promotional categories.

"Through this concept, managers will gain multidepartment experience," explained Hermesen. "The program is intended to give all area managers the opportunity to grow into assistant managers and then become store managers. We're looking at this in terms of future development, with the idea of having managers with experience promoted from within the organization."

Promotions Propelling K mart To Expected \$16.3B Year

(Continued from page 42)

higher gross margin dollars from the increased volume, and that's the name of the game now.

The litmus paper test for the chain's new look and new strategies was the Indianapolis stores, which were the first market cluster to get the remodels. According to one analyst—Arthur Charpentier of Goldman Sachs in New York—the Indianapolis stores had a "rocky start" but are now showing 13% to 15% monthly gains.

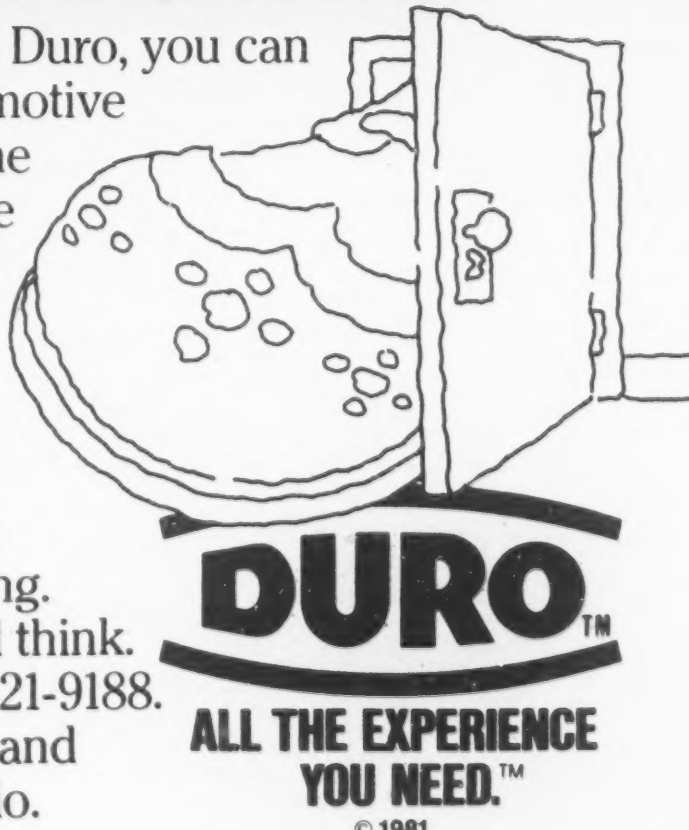
That performance is especially important, given the Target takeover of Ayr-Way in that market, and Zayre's remodels in the same town. Target and Zayre are both strong competitors—and they bracket K mart, one on the tradeup side, one on the traditional side. If the Indianapolis K marts can pull 15% sales gains against newly remodeled Targets (that chain averages 30% sales gains year to year) and Zayre (which was up more than 17% for the first half), it bodes well for the grand-daddy of the discount department store chains.

Growth in Sales and Operating Expenses at K mart		
Year	Sales	S&GA Expense
1970	17.1%	18.5%
1971	21.1	21.8
1972 ^(a)	23.8	21.9
1973 ^(b)	20.7	18.6
1974	19.5	22.6
1975	22.8	24.0
1976	23.3	24.5
1977	18.6	18.3
1978 ^(a)	16.3	20.9
1979 ^(a)	8.8	13.8
1980	11.6	17.2
Compound growth		
1970-80	18.7	20.1
1975-80	15.9	18.7

(a) 53-week period. Increases are overstated.
(b) 52-week period. Increases understated due to comparison with preceding 53-week period.
Source: Goldman Sachs research

DUROTM HELPS YOU AVOID SALESMEN.

Because when you deal with Duro, you can stock your Household and Automotive departments with the number-one brand in repair products with one order. And from one salesman—your Duro man. He's got Duro Super Glue, Depend[®] adhesive, GluematicTM Pen, ExtendTM Rust Treatment, Easy Does ItTM body filler—products consumers know and want. Duro one-stop shopping. It's enough to make you stop and think. For more information call 1-800-321-9188. Loctite Corporation, Automotive and Consumer Group, Cleveland, Ohio.



DUROTM
ALL THE EXPERIENCE YOU NEED.TM
© 1981



Meijer's goes deep and broad in consumer electronics, stocking more than 50 sku's of radios in its newly spun-off Meijer Square chain, shown in Bay City, Mich. (DSN photo)

Consumer Electronics: Gross Margin Dips Despite Rise in Biz, Turnover

(Continued from page 91)

an off-brand, 12-in. model as a low-ticket traffic draw.

Portability generated as much consumer interest as price in 12-in. and 13-in. sets. Buyers reported the consumer focus on portability has intensified, allowing them to broaden lines to include models that run on car batteries. K mart, for example, stocked a 12-in., black & white set that will run on a car battery as well as on house current.

In more sophisticated home entertainment products, price and uncertain consumer response prevented most discounters from merchandising video cassette recorders and video disc systems. Chains noted for broad CE assortments that include big ticket goods—such as Jefferson/Ward, Caldor and Target—tested the waters in both VCRs and video discs, but most of the industry remained on the sidelines.

Caldor displayed video disc systems along the back wall of

its radio & TV departments, using vendor display material from RCA. The chain also promoted RCA's six-hour VCR (remote control) at \$776, a sale price only 13% off the everyday price of \$888.70.

Different Procedures

A Jefferson/Ward merchandise manager said his chain has carried both Magnavox and RCA video disc systems since March, but did not promote them because of strong nationwide manufacturer ad campaigns. Jefferson promoted its VCR units and tapes recently with RCA's six-hour SelectaVision offered at \$869, an 8% cut from the chain's everyday \$949.99 price.

Buyers at other chains, such as T.G. & Y., Hills, Murphy's Mart and Prange-Way, stayed out of the market because of the technological incompatibility of the existing disc systems.

Despite talk of adding high-end stereo equipment, lower-end merchandise was still where the action was hottest.

Discounters in general traded up, inching toward a \$350 price point from a lower-ticket base.

K mart promoted stereos at just over \$350, a price point that was until recently beyond the reaches of its upper price range. Woolco, on the other hand, moved closer to a \$350 ceiling by backing down from its previous high price point of \$699.

Even chains noted for broad assortments in CE and stereo, such as Jefferson/Ward and Caldor, or chains with an upscale image such as Target and Bradlees, relied heavily on sets between \$100 and \$200 to draw traffic.

Also of particular interest to chains were miniature stereos which look like component systems but carry much lower price points. Generally, the miniatures came in at the expense of compact sku's which were trimmed somewhat. Because the category often carried margins in excess of 30%, buyers had more leeway in choosing assortments.

Paint: High-Margin PL Lines Gain More Ground

(Continued from page 80)

The departments had previously been scattered on the hard goods side of the stores.

Merchandising changes were also made at T.G. & Y. during the year, with extensive reworking of the chain's assortment and the introduction of 72-in. gondolas in key stores rather than the 54-in. fixtures it traditionally used.

"We are up about 25% in sku's," said a spokesman for the chain, "and have increased space allocation by about 30%. The change has been primarily to broaden the number of colors in our assortment, but we also increased the number of gallons per color in our planograms. We know that the average wall paint sale is 3.8 gal., and if we've only got two, the customer is going to walk out and get it elsewhere."

T.G. & Y. has required a minimum of 4 gal. per sku to be on the shelf, but planograms sent to store managers suggest 6 gal.

Bradlees also revamped its paint department after closing the 17 home improvement centers it had been running. The chain moved home decor and paint into their own depart-

ment.

Nichols, which is making a strong bid for the largest paint department in the industry, devotes 30% of its 20,000-sq.-ft. in-store home centers to paint and paint sundries. The company increased its promotional frequency this year to an almost-weekly basis, and gave it a new thematic look.

Roses has also decided to change its paint department, and present plans call for the addition of 50 more feet of shelf space. (The department currently runs 80-100 ft.)

Hills tried a signing change this year to boost sales. Now using higher gondolas than in the past for more efficient use of floor space, the chain moved its signing from the top shelf to the second shelf to put it at eye level. The chain feels the color-coded tickets (by price point) will make price information more accessible to customers.

In stock movement, buyers report they are paying more attention to colors in selecting merchandise mix. While white paint still represents more than half of the volume in paint, a new pickup in earth-tone colors has been reported. Almond, a strong new color in kitchen ap-

pliances, has been a strong seller this season as have tans and browns.

Wood stains represent another growth area in the department, with chains such as K mart, Zayre, Target and Wal-Mart pushing stains in circulars, and other chains running tests on stains for possible full-time entry into the category next season.

At T.G. & Y., a spokesman said exterior stains represent the department's largest growth area this year. The chain expanded its national-brand line, and is considering adding a half-dozen sku's in private label stains next year.

Stains represent another opportunity for chains to pick up gross margin points. In promotions, stain prices at K mart, Zayre and Target were all cut significantly less than paints in similar promotions, for example.

Because the stain market is a newer market, consumers are not as price conscious. In addition, with a median price point near \$5 a gallon on promotion, chains are not hard-pressed to keep under a \$10-per-gallon price point, as in the case in national-brand paint.

Clover Schedules 3 Bows in 1982

(Continued from page 45)

of the parent company's volume in the fiscal year ended Jan. 31.

Clover's volume last year was \$124.3 million and is projected as going up 22.3% to \$152 million this year. Of that figure, company-operated departments are expected to account for about \$148 million.

The parent company's sales last year were \$390.2 million, up 6.2% from \$367.2 million. Net income of \$12.9 million was a 20.6% gain from \$10.7 million.

Clover's growth plans call for the opening of an average of two stores a year in the Delaware Valley area. Its focus during its first decade was on Philadelphia and adjacent New Jersey.

The openings planned for next year mark the first step beyond the highly competitive Greater Philadelphia area, with Clover reaching out for new markets and sales.

K mart, Jefferson/Ward and

Woolco, Clover's main discounter competition, have more than six dozen stores in the Delaware Valley market.

Clover's plan to meet this competition also calls for remodeling older stores, so that they present the same updated look as the discounter's latest units.

The discounter has already remodeled its Marlton, N.J., store (the first Clover), and at least two other units are due to be refurbished.

These changes include putting in sophisticated energy management control systems that enable Clover to reduce its energy use, and adding such new merchandising features as a tabletop shop that combines dinnerware, glassware, flatware and servingware in a set-off shop, an enclosed fashion section for jewelry and cosmetics and a set-off leisure area for consumer electronics, records and tapes and photography.

Zayre's Discounters Are On Way to \$1.5B Year

(Continued from page 45)

sizzle alone. The merchandising moves are coupled with expanded pull-through replenishment (of about 10% of the merchandise) to improve in-stock performance; in-store computers for instant communications; electronic point of sale equipment (in about half the chain, due to be complete by 1984) for accurate sales data capture and price look-up.

On the financial side, Zayre looks just as healthy. Selling, general and administrative expenses have increased (as a percentage of sales) in each of the last three years, but substantially less each year than the year before, having risen 15.4% in fiscal '79, 13% in fiscal '80 and just 7% in the last completed fiscal year—less than half the increase two years earlier.

Cost of goods has decreased as a percentage of sales, from 77.2% in '79 to 75.8% last year—due to higher apparel volumes.

Zayre is also well positioned to continue its remodeling program. The chain has pulled about three-quarters of that capital expense (\$48.3 million in fiscal '81) from internally generated funds.

Zayre is also able to bite the bullet on poor investments, closing marginal or losing stores in favor of higher-volume units, as in Chicago.

In fact, with its high-volume Miami and Chicago units in ethnic neighborhoods, and the impending extension from Chicago to Milwaukee in four ex-Treasure Island stores, Zayre could be called the nation's premier urban discounter.

Hills to Reach 100 Stores Next Year

(Continued from page 49)

a shop within a shop—is being tested to see if the new presentation will markedly affect sales. The goods in the new department—called Creative Housewares—were already in stock in the chain's housewares departments.

In addition, the new stores will get the snack bar that Hills first tested in 1980 and has been installing chainwide.

Imports will also play a more important role in the chain's merchandise assortment in the

future—the result of the company's overseas import division—as will private label goods. The chain currently offers private label assortments in apparel, H&BA, housewares, automotive, hardware and stationery.

Sales projections call for a volume increase of 19% to \$790 million for the current fiscal year. Last fiscal year the chain's volume totaled \$662 million or 92% of the general merchandise division sales of its parent, SCOA.

Pamida Climbs Back to Profitability

(Continued from page 48)

buying and more selective assortments left the chain in a better clearance position as the summer ended.

The chain also broke its markdowns on seasonal goods into two sales in a successful move to avoid more costly markdowns later in the season.

Pamida has switched to LIFO evaluation of inventories, in addition to other changes at the chain. Twenty-six of the discounter's departments were put on LIFO accounting in 1980, and the remaining nine departments were converted to

LIFO this year.

Operating results for the first quarter of 1981 represented a 22.9% improvement over the first quarter of 1980. The company reported a net loss of \$357,000 compared to a loss of \$463,000 the year before. On a FIFO basis of reporting, net earnings this year would be \$267,000 for the first quarter compared to \$6,000 last year. Sales for the year ended Jan. 31, 1981, were 1.1% higher than the year before, though earnings of \$4.7 million were 55% greater than the year-before earnings of \$3.1 million.

Lawn & Garden: Dollar Volume Blossoms to Outpace Inflation

(Continued from page 74)

years." Many chains bought lighter in furniture and lawn & garden this year: Fishers Big Wheel cut back near 10%; Murphy's Mart noted some softness and did not refill the merchandise pipeline in June; a T.G. & Y. spokesman said his chain cut back on its lawn and garden budget for the year, and Arkansas-based Magic Mart noted some softness and cleared out merchandise a week early.

In mowers, chains experienced a strong year in rear-bag-

gers and self-propelled models, while high-ticket rider mower merchandising varied greatly. Many buyers are concerned about laws requiring the "dead-man clutch" to be added to units manufactured next year (though next season mowers without the safety feature will be sold). The clutch will add approximately \$30 to the price of a mower, and buyers are concerned about price resistance at retail.

T.G. & Y. was one major chain undergoing a major re-vamping of its mower program

this year. The chain decided to drop inventory investment in riding mowers and put more dollars into high-margin mower replacement parts and step-up push mowers.

The replacement parts business has also been building at chains such as Murphy's Mart, where repair kits and spare parts enable customers to service their own riding mowers rather than go to a repair shop. The chain stocks 34 sku's in its program, at price points from 39¢ to \$10.

Other chains committing to riding mowers significantly include Magic Mart, where the units account for 50% of dollar volume in mowers, and Heck's, which added a second riding mower to its mix for the first time this year. S. E. Nichols, which merchandises an 11-h.p. riding mower at \$800 as its top of the line, plans to add a higher-ticket model next year.

Gas grills, the other major high-ticket category in lawn & garden, were merchandised in broader assortments at most chains this season, with better models experiencing most of the growth. Fishers Big Wheel and Heck's both added a step-up model to their stock, while S. E. Nichols plans to double its two sku offering next year.

A spokesman at Murphy's Mart said most grill action at the chain "was in traded up models at \$99 and \$167."

Murphy's Mart is also considering gas grills as a Christmas promotional item, given their "family" appeal and strong track record in sales. ALCO brought out gas grills in some stores last Christmas, ran them at their full seasonal markup, and did well enough that a chainwide program is being considered this year.

Moving to lower-ticket promotional items, buyers agreed that the year was flat in string trimmers. Any future growth in the category is expected from trade-up models which cut wider swaths, units with gas motors, or trimmers with metal blades, buyers report.

Bug-killer lights did generate significant store traffic and volume growth this season, replacing string trimmers as a hot category.



Bug killer units were hot this year, with step-ups selling at more than \$100. This four-sku assortment is at a Meijer Square store in Bay City, Mich. (DSN photo)

notices of TRADE PROMOTIONS & ALLOWANCES

During certain periods throughout the year, your local Pepsi-Cola bottler makes promotional offers to its customers. Please contact your local Pepsi bottler for details.

TAKE NOTICE

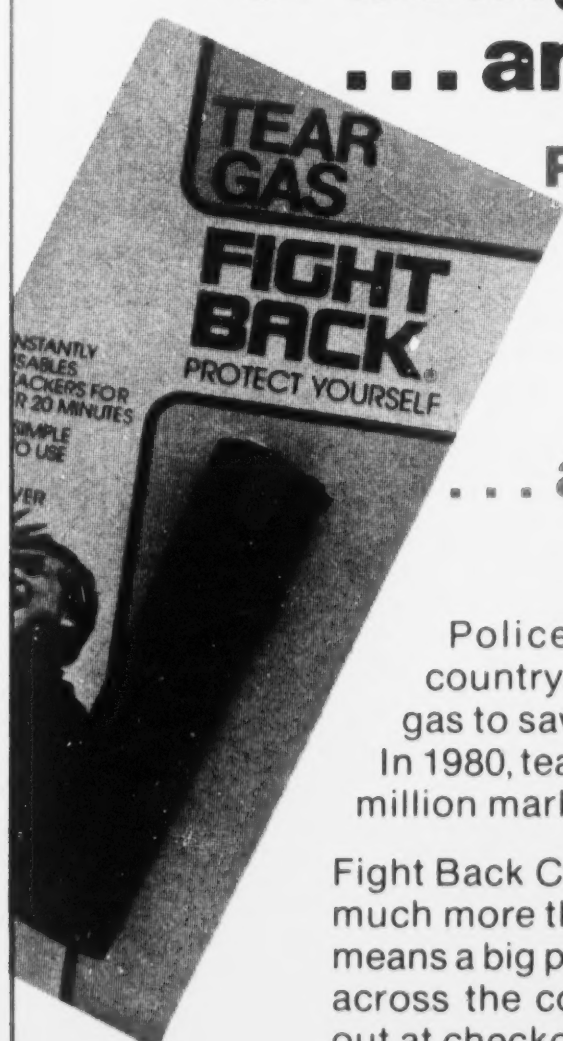
You want your notices of trade promotions and allowances to be read and acted on. Discount Store News has created a special section devoted solely to trade promotion and allowance notices. And because Discount Store News is subscribed to, read and respected by, key influentials in

- Discount Department Stores
- Catalog Showrooms
- Specialty Discount Chains

your notice will get noticed. For more information call:

Discount Store News
Classified Advertising
Department
(212) 371-9400

The average woman
has a 1 in 7 chance
of being raped
... and knows it.



FIGHT BACK®
TEAR GAS
will give her
better odds
... and you know it.

Police departments across the country are recommending CS tear gas to save people from violent crime. In 1980, tear gas sales represented a \$40 million market.

Fight Back CS tear gas is in demand — it's much more than a hot impulse item and it means a big profit for you. In leading chains across the country, Fight Back is selling out at checkout in 2 to 3 days.

Order, stock, and display Fight Back. For information, call Kevin S. Garrity, collect, (203) 329-8181. He'll give you all the details and tell you about our radio and TV support package.

PERSONAL
PROTECTION
PRODUCTS, INC.,
A SUBSIDIARY OF



GARRITY INDUSTRIES

20 Garland Drive,
Stamford, CT 06907

DURO™ HELPS REDUCE YOUR WAIT.

Being the number-one brand in Household and Automotive repair hasn't made Duro too fat to move quickly. Order Duro products and our cracker-jack distribution system delivers-fast, guaranteed. You don't lose your hair waiting for your shipment to come in. You lose wait, instead. Call 1-800-321-9188. Loctite Corporation, Automotive and Consumer Group, Cleveland, Ohio.



DURO™

ALL THE EXPERIENCE
YOU NEED.™

© 1981

Men's Wear Gets High-Profile, Trade-up Treatment

(Continued from page 101)

their men's department with "shop looks." Wal-Mart broke out western wear, centralizing its Wrangler jeans, shirts, belts, hats, and even boots (in fact, chain executives have targeted Wrangler jeans as one of their next million dollar sales items). Clover refined its Male Men shop, featuring western wear, coordinating jeans and knit tops.

Besides the upgraded presentations, discounters are trying to woo customers into their apparel departments with broader assortments of branded goods and by creating

status label programs that offer a knockoff's option of fashion at a price. Roses, Caldor and Woolco are among the chains with an in-house status label program.

At least one chain, Caldor, pressed its stores' logo into service as a status shirt symbol. The chain unveiled a new line of unisex terry cloth short and shirt sets earlier this year. In addition, the chain carries a "raccoon" line, a la LaCoste; a new active wear line, carrying tennis star Rod Laver's name, and an NFL line.

More name brands in jeans and basic men's categories—un-

derwear and work clothes—are showing up in K marts, and spot checks of the chain's stores in Indianapolis, Michigan and New Jersey revealed Izod shirts, and Lee, Wrangler, Valente, Jordache and Calvin Klein jeans. The variety and depth of lines varied from store to store.

Another Approach

While name brand jeans are the name of the game for most discounters hoping to upgrade their mixes, some, like Roses, have shifted attention to their own jeans program. Roses has instituted a jeans program for

men and ladies in the Buffalo Junction line, which offers both basic and fashion jeans. The basic jeans are modeled after Wrangler's and Lee's.

New fabrications in casual wear were also important in 1981 and are expected to be more important in 1982. Caldor's fabrication offerings for men included twill and polycotton blends in pastels, brights, basics and plaids for men's pants. The casual pants were displayed with a number of coordinating belts, ties and an array of tops.

Roses coordinated waterfall displays of polo-styled shirts

and knit shirts in its stores, emphasizing that shoulder treatments, stripings, ribbing and collar detail can create many wardrobe looks.

An S. E. Nichols buyer looks for duck to be No. 1 in the men's bottoms market next spring, and is stocking accordingly. The National Association of Men's Sportswear Buyers (NAMSMB) concurs, forecasting that chino, duck, twill and drill casual pants, baker's pants, carpenter pants will double their market share in 1982.

NAMSMB also predicts continued success for both western and preppy button-down shirts.

Woolco's Restructuring Impact Is Still to Come

(Continued from page 44)

leased to the company's Footlocker and J. Brannam divisions or subleased back to the landlord.

The past year also marked the completion of Woolco's takeover of the operations of its remaining leased departments—automotive and shoes—to recapture high-margin dollars in those categories.

According to management, the leased departments and an apparel buying syndicate—which Woolco absorbed in 1980—were factors that kept Woolco barely profitable.

Woolco ended fiscal year 1981 with a 6% increase in sales, to \$3.4 billion, compared to \$3.2 billion a year ago. With its new merchandising program—which puts heavy emphasis on apparel—the chain expects to boost sales per square foot from \$80 to \$100.

Expectations of increased profitability rest with Woolco's new prototype, which it unveiled in its North Brunswick, N.J., store in August. The chain will reset some 50 Woolco's to the prototype this year and will reset all stores to

the new layout within three years. The chain also plans to add 15 new stores in 1982, all of which will conform to the design.

The new format will give the store a fashion image, with expanded and upgraded mix, high price points and more branded goods—all geared to attracting a higher-income customer.

Emphasis is on soft lines. Apparel, domestics, health and beauty aids have all been expanded and placed in prominent positions around the new race track. Women's apparel, in particular, won special attention, garnering space on both sides of the race track at the front of the store.

New fixtures in wood, glass and chrome, carpeting and super-graphic signing highlight all of the departments.

Meanwhile, hard lines have been cut back, including building materials and furniture. Marginal categories, more common to the company's variety stores, such as artificial flowers and novelties, were deleted. The chain also eliminated labor-intensive areas like key-making and live pets.

Ladies' Apparel: More Discounters Stress Fashion

(Continued from page 103)

upgraded look.

An upgraded look at Hills' Buffalo store was achieved with high-rise crow's nest displays of mannequins in the ladies' department. Hills clad its mannequins in color-coordinated outfits and draped them with matching accessories to give fuller, eye-catching appeal. The department also utilized more body forms on circular racks. In several departments, including lingerie, waterfall fixtures were added to maximize display space.

K mart further refined the look it gave apparel in its Indianapolis prototype when it opened its Kearney, N.J., store in May. It focused on ladies' fashion and accessories presentations, using a number of new fixtures that were first introduced in Indianapolis, but also including some new fixtures like a 6½-ft.-high arch with waterfall extenders.

K mart also continued to up-

grade its mix, replacing polyester goods with more fashion jeans and preppy looks. The discounter has also improved its assortment of name brand basics in apparel, particularly in men's wear. Displays, including several torso-only mannequins, were also introduced to create color and fashion excitement. The idea, as refined here, is to let the merchandise stand out for easier viewing and encourage impulse buys.

The Kearney K mart spotlighted accessories next to women's apparel.

Renewed Efforts

In the push for expanding their broad-margin apparel business, discounters are placing more emphasis on their accessories departments. K mart, Caldor, Bradlees and others have pulled accessories together in identifiable departments adjacent to apparel areas so that customers will reach for the belt, bag, jewelry

or cosmetics necessary for the "total look." Bradlees, for example, is testing jewelry and cosmetics together in its new New Milford, Conn., store—a step Caldor and Jefferson/Ward have already taken.

Lingerie is another department gaining main aisle frontage as more discounters begin to play up its fashion appeal.

Bradlees moved its lingerie department from the race-track infield to directly behind RTW, along a wall in its newly redecorated North Brunswick store for better display. Close attention was paid to new colors in lingerie, in wall arrangements and on mannequins.

Caldor featured lingerie on a branch aisle in its women's wear department, moving name brands out front to face the aisle. Woolco added pizzazz to its lingerie department, positioning it next to RTW in its new prototype, and working to display items as keenly as those in RTW.

Book Buyers Buck Cost Hikes, Biz Slowdown

(Continued from page 105)

sellers at the cash register—to boost volume and improve turns.

For some buyers, the end result has been doubled turns, compared to the sales pace on the department's shelves.

Another tactic, employed by K mart and other discounters, is to discount books 10% to 25%. While this cuts into the 35% average margin on books, it pays off in increased volume. A Murphy's spokesman said he discounted his paperback books by 10% in order to meet competition.

On the other hand, some believe paperbacks are impulse items and that discounting isn't

necessary. "I don't discount books and we don't seem to be feeling the resistance to increasing prices that other chains have," a Heck's spokesman said.

At those chains feeling consumer resistance to industry price increases—including Woolco, Zayre and Murphy's—promotional books have been added to their regular programs. The three chains noted a pickup in promotional books due to the higher price points of regular books. In children's books, promotional items are becoming more of a business than regular books, a King's spokesman added.

Coverless books have helped

at Gee Bee. Dollar sales were up 30% to 35% after the chain made a special buy, and sold the coverless books four for \$1. They sold out in a month's time.

For 1982, buyers are looking for new movement in tradebacks—oversized paperbacks the size of hardbacks—that can be sold for 45% off the price of hardbacks.

However, some discounters foresee problems in stocking tradebacks, uncertain as to how they can display the books on regular pocket-sized racks. Still others say the price points on tradebacks won't entice customers. "Our customers don't want to spend \$6.95 for a book," a Woolco spokesman said.

Caldor

(Continued from page 43)

colors to several shirt, sweater and outerwear styles. Buyers expect that new fabrications and colorations will help establish a more fashionable mix.

New Caldor units will focus on facing more goods on main aisles and optimizing available space. This will include branching a feature aisle into women's wear, breaking sporting goods apparel into its own department opposite men's wear, and painting side walls a darker color to bring goods visually closer to traffic aisles.

Other new design features being installed in the chain's already upscale stores are, in housewares, brick-look flooring, natural wood cube merchandisers and chrome pot hangers suspended overhead.

Roses to Use New Prototype in Bows

(Continued from page 44)

is also being considered.

Underscoring the flexibility of the space, hanging signs make moving or expanding a department as easy as rehang-ing a sign. For the same purpose, wing walls and built-in departments were left out of the new plans.

Fixturing throughout the store was standardized to create an updated look and enhance merchandising possibilities: Piperacks and tables were replaced by fashion fixtures to give higher-ticket apparel items more play.

To further boost store productivity, the chain is also testing a point-of-sale wandering system in the new stores. Pending results, the equipment will be

added chainwide.

Another new feature included in the chain's most recent floor plan is a three-way security/service desk in the left rear quadrant of the store. It includes such service-requiring or shrink-prone items as film, cameras, auto sound, ammunition, long guns and air rifles.

Sales for the first quarter ended April 30, 1981, totaled \$131 million, a 22.2% increase over 1980, while net earnings for the quarter catapulted 138.8% to just over \$1.9 million. Both the sales and earnings results were records for a first quarter. Chain management projects a 10.9% increase in company sales to \$536 million by the end of the current fiscal year, up from last year's \$483 million.

**HBA BUYER
SAYS BIC BETTER NEWS
THAN GOOD NEWS.**

"The Bic Disposable (5-pack) ranks 48th in unit movement out of 1700 items we carry. So it's a hot seller. And its unit sales exceed our top Good News Disposable. The disposable market which already has a good share of the razors/ blades is getting stronger day by day. And the trend is still upward."

Ken Kohn, HBA Buyer, Jaydon, Inc., Rock Island, Ill.

**SHOULDN'T YOU REPLACE
THE BLADES THAT AREN'T SELLING
WITH THE SHAVER THAT IS?**

WILCO Shaver

O. G. Wilson Adds High-end Products in New, Upscale Prototype

(Continued from page 3)

Sunbelt area, where its forte—jewelry, especially gold—sells phenomenally well, he said.

"We've moved away from a self-service, low-end emphasis to a number of better lines and displays," Lacy said. The cream of the crop in the jewelry business comprises the guild retailers, and Wilson is moving toward becoming a national "guild" chain in the catalog showroom industry, he said, with an emphasis on selling better goods, particularly in jewelry.

Jewelry sales, which generally constitute 15%-30% of most catalog operations, generally run above the high end in Wilson's showrooms. The new prototype here, which cost \$2½ million including lands and fixtures, is projected to do \$10 million in sales within two years, of which 35% will come from jewelry, Lacy said.

While the chain is attempting to grab more market share, Lacy admitted he'd be "satisfied to be No. 1 in sales in a market, only if the showroom was No. 1 in jewelry sales."

\$66.6B

(Continued from page 1)

The smaller store size is aiding sales-per-square-foot levels, as the \$115.58 per-square-foot average projected industrywide this fiscal year represents a 4.3% increase from the last fiscal year. Average sales then were \$110.79 a square foot. Sales per store of \$8.15 million expected this year will be 4.2% above last year's average store sales of \$7.82 million.

In operations, continuing takeovers of leased departments have led to chain control over at least 90% of the operating sections in 14 of the 18 major departments industrywide.

Significant leased department operations are most common in infants' wear, shoes, jewelry and TBA departments, though discounters reclaimed 2% more of infants' wear departments this year, and control over TBA departments in the last three years has increased by 10%. Men's and boys' wear takeovers were the most common this year, due in part to extensive takeovers by Woolco.

Other leased departments are growing in the industry: Medical or dental clinics are now operated by 6% of the industry. Optometry departments were also installed by more chains this year, with 34% of the country's discounters now having them compared to 30% a year ago.

By merchandise category, apparel now represents 29% of the average store's sales, compared with 28% a year ago. Toys, sporting goods and camera departments all fell slightly as a percentage of store sales, while housewares and H&BA departments picked up slightly. Specific changes within the industry this year included several buyouts and closings.

Receiving the most attention has been Wal-Mart's recent purchase of the entire Big K chain, a pickup of 104 stores which gives Wal-Mart a blockbuster addition in its push into the Southeast.

Fred Meyer's board of directors recently authorized sale of that chain to a group to be formed by an investment banking firm in a deal worth approximately \$420 million.

Caldor also sold into a larger corporation this year, as it merged with Associated Dry Goods (ADG).

The top-selling item in jewelry continues to be the diamond solitaire, and the showrooms offer a number of one-of-a-kind jewelry items with prices generally between \$4,000 and \$8,000.

While the backbone of the jewelry business, in general, is credit, Wilson no longer offers its own credit card, which was discontinued about a year ago because of exorbitant costs estimated to be between 8% and 10% of sales, he said.

Since one of the precepts the chain operates under is that "jewelry is sold and hard goods are bought," Lacy pointed out that service is a key element. Sales help in jewelry are generally more mature and slightly higher paid. Each showroom

also offers an on-the-premises shop where experts can size or customize a piece of jewelry to a customer's specifications.

The chain's new prototype provides a more even balance between jewelry and hard lines, something that was inconsistent in the past because the store sizes ranged from 12,000 sq. ft. to 60,000 sq. ft. with no standardized format.

The prototype, of which 28,000-30,000 sq. ft. is selling space, also moves away from the rainbow colors and tight adjacencies of previous units, and instead adopts an open, airy, earthtone-colored environment with logical and strong departmentalization.

Wilson, a member of Paul Schultz Catalog coordinators,



Natural wood block fixtures, chrome and glass displayers and chandelier lights denote the upscale presentation used in O. G. Wilson's new San Antonio showroom. (DSN photo)

Toys 'R' Us Tests Kids' Wear; Buying Direct Is Problem

(Continued from page 1)

But like most discount stores today—including K mart, which is aggressively seeking branded apparel—Toys "R" Us is finding that acquiring brand goods direct from manufacturers isn't easy.

"We're running into resistance from manufacturers," said Devine. "They're not used to seeing their items in toy stores, and it's not unlike what happened with toy manufacturers several years ago [when discounters first tried to obtain branded toys]."

Devine said the chain has been "fairly successful" in obtaining most of the brands it now carries direct. But the chain has a problem shared by most discounters—keeping in stock and offering a full selection.

In checking 14 of 18 New York-New Jersey stores targeted by the *Daily News* ad two days after publication, *Discount Store News* found only limited selections and frequent out-of-stock situations in the stores.

The findings were:

- In-stock situations were best with Strawberry Shortcake, Billy The Kid and Garanimals in coordinated separates. Out-of-stocks were noted for Sergio Valente in all stores but two, which had only one size, and in one case, only one pair.
- Assortments were limited in all brands of jeans with only a few sizes available in each style, and only a few pieces offered in each style. In most cases, only a dozen to two dozen pieces of each branded item were available.
- Three stores carried brand names other than those mentioned in the ad: one had Sasson jeans and two had Pierre Cardin warm-up suits.
- One New York store was out-of-stock in all name brands advertised.
- A New Jersey store, with

perhaps the largest department and selection, also carried sizes 5-6-7 in Billy The Kid jeans and tops.

• Presentation of name brands was limited to endcap display (notably Strawberry Shortcake ensembles) or sprinkled in with no-name brands on waterfall extenders above the racks. Some stores divided racks between boys and girls, others divided racks by size groupings.

Devine said he was unaware of problems in getting merchandise from manufacturers or from warehouses to the stores that would cause out-of-stock situations.

He attributed problems to

intends to continue pumping 80% to 90% of its ad money into the catalog and 16 flyers per year. The catalog contains between 7,000 and 8,000 sku's and the showrooms carry between 30% and 40% non-in-catalog goods in toys, jewelry and sporting goods.

The jewelry department remains the focal point at the front center of the showroom. Two islands, separated by a central aisle, offer diamonds and stone rings on the left, and gold and fine jewelry on the right. With the watch area that skirts the front, left wall perimeter, the department runs approximately 4,000 sq. ft.

The light wood-based, enclosed glass-cased islands are accented overhead by four strategically placed ice-cut, inverted pyramid chandeliers. Recessed incandescent top-hat light fixtures, above the link-patterned island showcases, highlight the merchandise.

The four other key departments include an approximately 4,500-sq.-ft. toys/baby-goods/seasonal department to the far left, which is the only area of the showroom in which shopping carts are permitted, another change for Wilson. The main showroom with housewares and giftware runs between 4,500 sq. ft. and 6,000 sq. ft., and is located immediately behind jewelry in the center. On the right of jewelry is a plush carpeted, upscale gift section with open cubed, chrome fixtures and glass shelves.

Sporting goods, which is in the far left corner, is about 2,500 sq. ft., with cameras/electronics running about 3,000 sq. ft. in the opposite corner and back wall. While Wilson carries typical catalog brands such as Pioneer in its 150-sq.-ft. stereo sound room, niched out of the back wall, higher-end brands such as Sanyo are also available. The chain also carries at least one laser disc and one projection television.

On the far right wall, an approximately 600-sq.-ft. area has been devoted to home decor merchandise such as lights and eight sku's of glass fireplace fixtures.

The main showroom has a bay of six registers at the far right front wall, instead of at the back of the showroom. Department registers are also located in toys, cameras/electronics, sporting goods, and jewelry.

Gondola heights are kept low, 48-54 in., and a light wood curtain wall skirts the three perimeter walls, accenting peripheral departments with block letter signage.

The chain's NCR 2152 registers are programmed for price look-up, where the price comes up on the terminal once the sku number is entered. Many catalogers use the double-pass system that involves ringing in both the sku number and the price. However, Lacy said the price look-up approach eliminates under- or over-rings and speeds service.

sell-outs or trouble at store level where personnel are still unfamiliar with the needs of the apparel department.

"Obviously one store out of 20 will be out of something for a day or two," said Devine. "Our customers know our policy, and our policy is to give a raincheck to insure the customers can have the items when they arrive."

Several different merchandising programs are being tried in presenting apparel chainwide. Stores within the same market area usually have the same presentations, however, Devine said.

Throughout New York and

New Jersey, stores have two to three triple-tiered or four-tiered racks, with waterfall extenders on endcaps and at the top. The runs vary in size, from 38 ft. to 25 ft. Most often the section appears in the left rear quadrant of the store, but in some stores it appears in the store's left front.

Devine said he is keeping close tabs on the departments, testing, evaluating and re-evaluating the markets on a weekly basis. After Christmas, he expects a decision will be made as to how much the chain will emphasize the department in terms of size, selection and price points.

Fabric Departments Facing Struggle

(Continued from page 111)

noted that those stores (Class 2 units averaging roughly 40,000 sq. ft.) with smaller fabrics departments had better sales per square foot than did larger Class 1 departments (\$100 vs. \$89).

T.G. & Y. achieved space reduction while not cutting back on inventory. Promotional tables were rearranged and unnecessary pattern cabinets were dropped in the trimming process.

At the same time, the chain upgraded its mix, de-emphasizing knits—where margins have eroded—and going for trade-up fabrics such as wools and cotton blends, and testing items like satin and taffeta.

T.G. & Y. believes customers of today are not as afraid of higher-ticket fabrics as they were four or five years ago. Quality of material, not price, seems to be the dominant concern of consumers, a buyer said.

In the move to abandon its unprofitable sku's, as well as rid itself of a costly serviced department, Woolco reduced the

size of its department, upgraded price points and went to a self-service program.

Fabrics in Woolco's new prototype are premeasured and packaged, and either arranged on promotional tables or hung from double-tiered piperack fixtures. The department size was reduced by 40%, and new space was given over to other

higher-margin domestics.

Following the consumer emphasis on home decor and do-it-yourself projects, Fred Meyer has also emphasized soft crafts in its fabric departments. The chain gave more space to latch-hook, crewel needlepoint and yarn, because the goods don't require the seasonal markdowns inherent in fabrics.

New Formats Spice Domestic Depts.

(Continued from page 107)

space in its new prototype (to go chainwide by 1983) to increase its fashion impact capabilities, and relocated crafts and a new prepackaged fabric program in its new race-track infield. T.G. & Y. has announced its plan to remake the area more fashionably in its new prototype to be unveiled next year.

Zayre took a shop-within-a-shop approach when it installed its new bed and bath shop in 17 of its Boston area stores; within the new format the chain is also testing seven variations on the

theme. At presstime, no one format had as yet been selected.

One display presentation being tested is a pigeonhole wall display of towels, sorted by color, topped by a row of towel-wrapped cardboard cylinders which flags the department.

For larger bath shop items—hampers, for example—walls were added to the area to shopify it. In addition, long gondolas were trimmed lengthwise to display rugs across from towels, and items from every "shop" were drawn together on endcap vignettes.

How Cash Manager Should Manage, Monitor Banks' Services

By Stephanie Shern

Partner, Arthur Young & Co., New York

Among the cash manager's most important responsibilities are managing and monitoring the services provided by banks. He or she must maintain an efficient banking system, review and control bank balances and monitor bank service costs.

In a previous column, I discussed three major roles of cash managers—using banking systems, internal reporting and anticipating future challenges. In this article, I will consider one of these roles—the use of banking systems—in greater detail. The information that follows is based in part on the work of Bill Renshaw, a manager in our New York management services group.

A banking system should be tailored to the needs of a company. Most multilocation retail operations use a concentration banking network. Deposits from store operations are placed in a local bank, which in turn transfers all or part of the funds to a regional or a single concentration bank account for the company's use.

The type of bank and the structure of the network are dictated by the geographic location of stores, their concentration and their volume of sales. The method of conveyance from bank to bank is also important. Some retail organizations use—singly or in combination—the Depository Transfer Check (DTC), the bank wire and, more recently, the Automated Clearing House (ACH). The major goal for an



efficient collection system is a simple one: next-day availability of cash once deposited.

Similarly, the primary goal in disbursing funds is to gain the maximum advantage of time, without missing due dates or discounts. Concentration bank accounts have been effective in controlling disbursements. Such vehicles for paying vendors and suppliers as zero-balance accounts, drafts and negotiated disbursement dates also help to control the payment process efficiently.

Cash managers should be aware of impending or actual changes in their business that could affect efficient use of the banking network. Planned changes in store locations, diversification into major new lines of business, changing of major suppliers—all these have potential impacts on the structure and use of the banking system.

In addition, the cash manager should continually test the system and enhance its capabilities wherever possible. This can be done in-house or by using an outside consulting service. Testing should determine how mail, processing and bank float affect the current system.

The daily reconciliation of cash balances has become one of the major responsibilities of a cash manager. To assess potential errors correctly, however, the cash manager must have sufficient and timely information.

Researching exceptions to bank-reported balances and company records is a time-consuming and costly process. The longer it takes to discover an exception, the more costly it will be for the company. Funds will not be available for use and discounts may be missed. Increasing the time also lessens accuracy in tracking missing items.

Monitoring and Controlling Bank Service Costs

This is an important cash-management function for the high-volume, multilocation corporations that rely most heavily on banking services. The processing costs for operating concentration systems and loan balances can be a significant expense to the company. Banks charge for a variety of services—loans, check processing, and ancillary services such as coin and currency shipments to stores by armored car.

Payment for these services can be either by direct fee or, more commonly, by compensating balances. Direct fees are billed to the company on a scheduled basis. Compensating balances are cash balances retained at the bank to cover expenses for such services as loan balances and the processing of transactions.

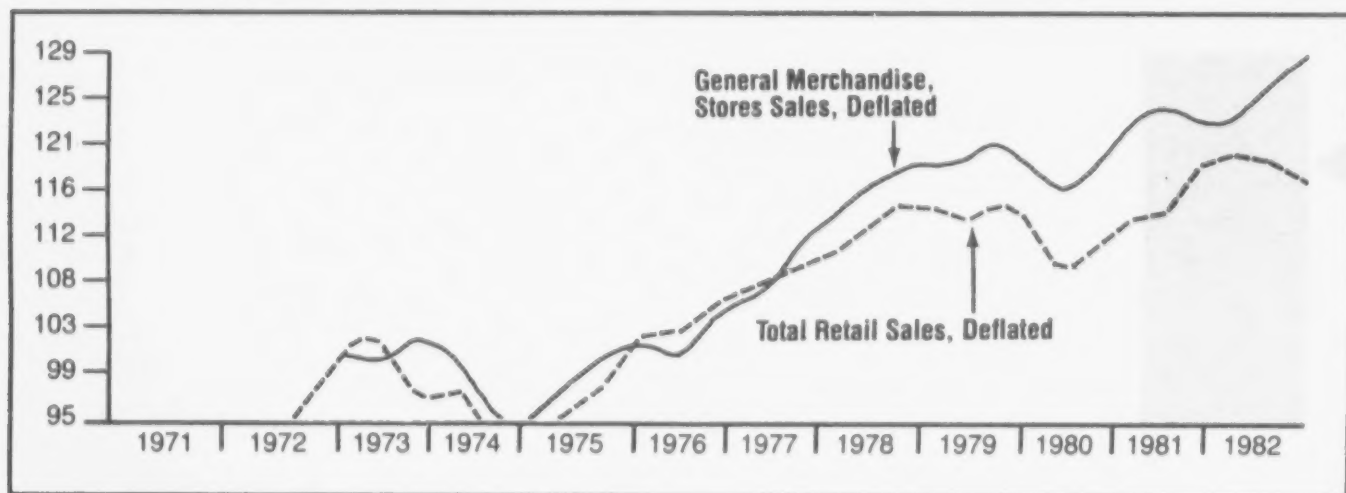
Various software packages, recently made available from vendors and banks, analyze actual costs and verify reported information against corporate records and documented banking agreements.

If you have any questions about any of the information discussed in this article or about any other area of cash management, please write or call Stephanie Shern, Arthur Young & Company, 277 Park Ave., New York, N.Y. 10172, 212-922-7068.

Stephanie Shern, C.P.A., is a former chairman of the New York State Society of Certified Accountants' retail accounting committee, for which she has conducted various seminars, and is a member of the board of the Metropolitan (New York) Retail Financial Executives Association. She is also a member of the National Mass Retailing Institute, the National Retail Merchants Association and the American Institute of Certified Public Accountants.

L/F Econocycle

Tag Discount Store Sales For a 5.7% Third-Quarter Increase



The uptempo in discount sales is still holding firm in the final calendar month of the third quarter, despite a noticeable downshift in the general retail sales outlook in recent months.

This month, discount store sales are holding steady with projections of 6%-plus gains. And, third-quarter increases should come in just a shade

under 6% (5.7% to be exact), according to the latest L/F Econocycle projections.

Increased Sales

Total retail sales are chugging ahead at a 5% growth rate for the month and current sales period.



General Merchandise/Discount									12-Month % Change		
Sales Change By Quarter											
	'80 1Q %	'80 2Q %	'80 3Q %	'80 4Q %	'81 1Q %	'81 2Q %	'81* 3Q %	'81* 4Q %	1979 %	1980 %	1981* %
Sales include Inflation	9.1	4.8	4.3	5.8	7.9	12.5	10.9	7.3	9	6	10
Real sales (Deflated)*	1.9	-2.4	-3.4	-2.0	0.9	6.0	5.3	1.6	3	-1	3

Base = May 1981 Sales
*Projected

The L/F Econocycle projection forecasts a slowdown just around the corner for discounters, starting in October, however. Next month, the computer model indicates gains of about 4% for discount outlets, dropping to 3% in November if current trend lines hold.

Over the past few months, several related retail sectors have continued to outdistance the general trends—and they should also be watched carefully for clues to year-end and early 1982 business:

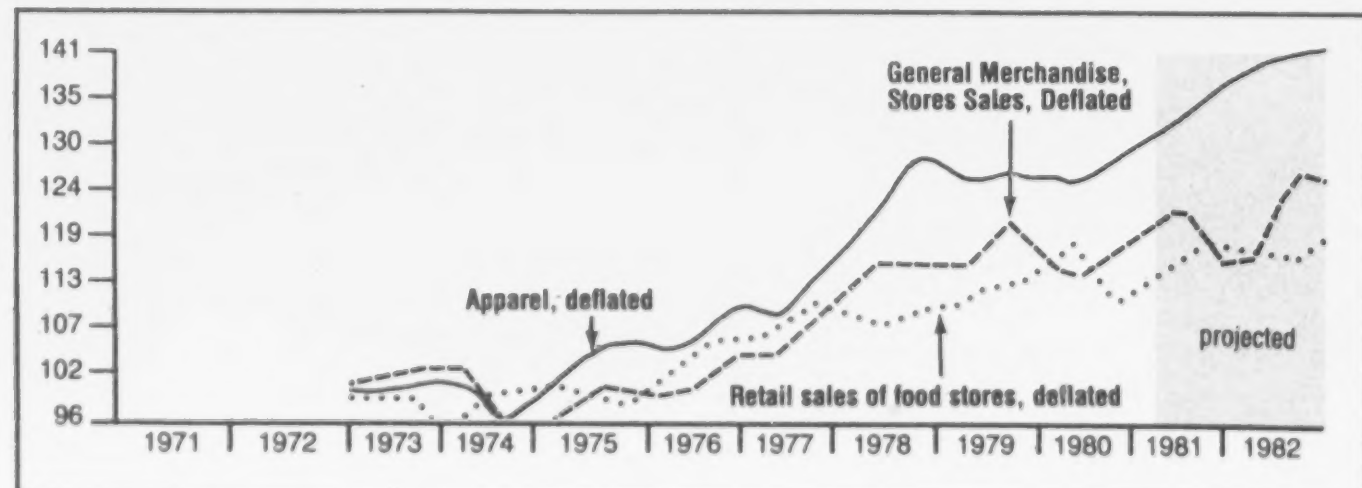
- Department stores, for example, are expected to close the third quarter with 4%-plus gains, with a similar performance in the final period.
- Apparel specialists continue to outpace all comers with a projected 6.8% third-quarter burst, moving up to 7%-plus by year's end.

● Home center/building supply outlets are leaning into the third quarter with a hefty 7.0% gain. (But signs point to a sharp falloff of sales activity in the final three months.)

Upward Spiral

Actual results for the first half of the year at many discount chains show much higher sales gains—as high as 40.9% at Wal-Mart, 17.6% at Zayre and 14% at K mart.

Apparel sales gains are the driving force behind much of the discount department store performance, as are increased promotional efforts by some of the largest chains (Wal-Mart, K mart) to boost volume as they pursue a strategy of improving the GMROI with high-velocity merchandise, even at relatively low gross margins.



About Econocycle

The source for the L/F Econocycle index is the Econostat Applied Economic Research Unit of The Hague, Holland. This unit consults for Government and major corporations on three continents. Its projection techniques are based on the Econocycle System, a computerized system designed by the Econostat team of economists.

Because of the changing pace of inflation in the United States, retail sales figures in the L/F Econocycle projections have been adjusted to

take account of inflation. All statistics are shown in *real* terms. The charts (above, facing) represent the trend cycle. The data has been seasonally adjusted and smoothed—and is updated each month. Source for current sales and the deflator series is the U.S. Dept. of Commerce.

Where an *Index Base* is indicated, all data is converted to index numbers, starting from a common base (= 100) in order to establish meaningful performance comparisons.

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1980	1Q	9.4	11.0	10.2	7.2	11.9	10.5	3.3	9.1	8.1
	2Q	5.0	10.3	9.3	8.4	11.2	2.5	4.6	4.8	4.3
	3Q	5.9	11.2	8.3	9.4	10.3	1.0	4.3	4.3	3.5
	4Q	7.3	10.6	7.2	1.5	14.1	5.1	6.4	5.8	5.8
1981	1Q	10.2	10.5	7.4	8.4	10.4	8.4	9.8	7.9	8.4
	2Q	12.7	11.3	7.7	17.5	9.9	9.8	9.6	12.5	11.3
	3Q*	11.5	8.8	10.9	15.3	8.7	9.2	10.3	10.9	10.4
	4Q*	10.9	8.4	8.9	6.1	5.7	9.5	10.0	7.3	8.3
% change 12 mos.	1979	11.0	12.0	13.0	12.0	11.0	15.0	7.0	9.0	10.0
	1980	7.0	11.0	9.0	3.0	12.0	5.0	5.0	6.0	5.0
	1981*	11.0	10.0	9.0	12.0	9.0	9.0	10.0	10.0	10.0

1980	1Q	- 1.2	5.8	- 0.0	- 2.6	3.8	- 4.9	- 1.4	1.9	- 1.8
	2Q	- 5.0	4.9	- 0.1	-17.6	2.0	- 3.4	0.5	- 2.4	- 2.0
	3Q	- 4.2	2.0	- 0.9	-18.5	0.5	- 5.8	- 0.2	- 3.4	- 3.3
	4Q	- 2.9	- 0.6	- 1.8	-10.4	3.9	- 1.1	1.5	- 2.0	- 1.1
1981	1Q	0.7	- 1.4	- 2.1	- 1.2	0.2	2.2	5.9	0.9	2.2
	2Q	4.0	0.5	1.5	8.9	0.7	4.3	5.2	6.0	5.5
	3Q*	4.4	2.7	2.5	7.0	1.1	4.1	6.8	5.3	5.4
	4Q*	5.3	5.9	1.4	1.7	- 0.6	2.5	7.3	1.6	3.0
% change 12 mos.	1979	- 1.0	2.0	2.0	4.0	4.0	9.0	3.0	3.0	4.0
	1980*	- 3.0	3.0	- 0.7	-12.0	2.0	- 1.0	0.1	- 1.0	- 1.0
	1981*	4.0	2.0	0.8	3.0	0.4	3.0	6.0	3.0	4.0

Base = May 1981 Sales
*Projected

Buyers Shave Sku's From Electronic Game Mix

(Continued from page 3)

vertising campaign for the line is helping to keep the products in front of the public. Beside Coleco, the merchandise mix includes Space Invaders and PacMan, both by Entex; Pac-Man Monster by Bardi; Sky Rider by Ideal; Super Simon and Simon by Milton Bradley, and Merlin and Reflex by Parker Brothers. Most of the price points are in the mid-\$30s. Shatley tried to avoid the high-ticket items which met consumer price resistance last year.

At T.G. & Y., a spokesman said nearly all of the electronic games—he'll carry 10 sku's—will be hand-held models. Last season, he added, he was very conservative, also carrying only 10 sku's in electronic games, so he was not forced to cut the mix in 1981.

Like Roses' buyer, he kept his price points between \$24 and \$27. He expects Space Invaders and Galaxia to be the top two sellers this year.

Among the criteria buyers used to decide whether to carry a specific line of electronic toys was the presence of a national ad campaign.

The T.G. & Y. spokesman stated he would not run an item unless it had a national ad campaign behind it, while Heck's Radcliffe noted that electronic toys must be presold before the customer even enters the store. "We don't have the personnel to sell the games solely in the store. We rely on extensive television advertising by the manufacturers to make the sale," Radcliffe said.

Magic Mart's buyer Gary Jackson felt models can be sold primarily within the store if the price points are within the mid-\$20s range. The buyer of the five-sku category (down from a total of 23 sku's in 1980) had carryover from last year, leading him to believe that the market "became way oversaturated, and with price points in the mid-\$30s on most items, customers were reluctant to go that high on an item."

This year's Magic Mart selection features Pocket Simon and Simon and Electronic Battleship by Milton Bradley, the only board game among the mix, and two low-end models that Jackson bought on special purchase in large quantities in order to build traffic in the de-



Zodys, Los Angeles, spurs interest in electronic games by featuring a glass-enclosed play area where consumers can play a specific model before the purchase. (DSN photo)

partment. Jackson planned to promote the items below \$10.

"Sport games have run their course, and until something new appears on the market we won't carry any sku's," the buyer said.

A spokesman for Wisconsin-based Prange-Way disagreed, stating: "Football games were strong beginning in the fall of 1980, and I expect they will be again this year." The buyer is carrying boxing, baseball and

football game units, the only three he'll stock.

Carrying a total of 50 sku's in 1980, the buyer admitted that he "took a bath" in the category. He cut his mix over 50% to 1981's under-25 sku total.

Kenny Resigns as President of Jefferson/Ward

(Continued from page 1)

ed to fuel its expansion.

But, Ward put the discounters' long-range expansion plan to convert 114 Ward stores to the Jefferson/Ward format on the back burner when Pistner took over.

Trade observers said that the expansion was suspended until Pistner could realign Jefferson/Ward's senior staff into the management structure used at Dayton Hudson. He replaced the discounters' six-officer lineup—president; executive vp, merchandising; exec vp, operations, and senior vps for sales promotion, hard lines and soft lines—with a seven-person staff of chairman, president, and senior vps for store operations, merchandising, marketing, hard lines and soft lines.

This move helped cause three other top Jefferson/Ward executives to depart early this summer.

Kenny said he was exploring a number of positions and would announce his plans in a few months. "I want to see what's going to happen in the retail field," he said.

Kenny's resignation was reported only in an internal company memo issued by Arnold Suval, who joined Jefferson/Ward from Zodys less than three months ago to assume the newly created post of chairman and chief executive officer.

At presstime, no announcement was made as to whether Kenny will be succeeded by another president. But, trade sources said that Nicholas Palihnich, one of the Korvettes president, and Ara Quint, executive head who is now a Ward's executive, are among a number of retailers being considered for the post.

In the realignment, the chairman's responsibilities include long-range planning, while the president focuses on day-to-day operations.

On the merchandising side, the executive vp, merchandising, post, which had been held by Ramond Mufson before he resigned, has been eliminated. The senior vp spots for hard lines and soft lines are now the top merchandising positions.

The hard lines job formerly held by Hy Rosenstein is open;

Joyce Black continues as senior vp, soft lines.

The top spots overseeing the stores are now senior vp, store merchandise, filled by Joel Peney, who had been senior vp, sales promotion, and senior vp, store operations, a new post held by Edward Dixon, who joined the discounters about two months ago from Zayre, where he had been a vp and Midwest zone manager. The two positions replace the executive vp, operations, job held by John Hill, who has resigned.

The new senior vp, marketing, is Martin Baker, formerly Bradlees' vp, marketing. The post replaces the sales promotion job held by Peney, and has much greater responsibilities.

Another newly created spot is vp, management information systems, which has been filled by Robert King, who held a similar job with Blue Cross/Blue Shield.

John Said continues as vp, human resources, the only other top headquarters executive besides Joyce Black and Peney who had served under Kenny.

Two other newcomers to the chain are Lee Donnelly, who fills the new post of vp and divisional merchandise manager of home entertainment and major appliances, and Jim Navarro, dmm of shoes. Donnelly had been a vp of Wards Co., the electronics and appliances specialty store chain which is also the lessee for these categories in Zodys. Navarro had been head of Morton Shoe's leased department division.

The other key executive who served under Kenny and is still with Jefferson/Ward is Mike Lewis, who continues as senior vp, northern stores. He is based in New Jersey and oversees the discounters' cluster of about two dozen stores in the Greater Philadelphia-Wilmington, Del., market.

Under Kenny, the first wave of Jefferson/Ward's expansion was the acquisition of about a dozen stores in Virginia, Tennessee, Delaware and Florida, followed by the takeover of about two dozen stores in the Greater Philadelphia market that had been either Two Guys or J. M. Fields units.

Ward executives then projected converting 114 conventional Ward department stores to the discount format before this move was suspended by Pistner.

Originally, the discounters planned to test its upscale merchandising format in a few stores in different markets before making a major expansion move. But the sudden availability of the two dozen stores in the Philadelphia area turned "the experiment into the chain's growth program," one source said.

Jefferson/Ward stores overall are reportedly just under sales projections, assertedly due to the same economic factors that have adversely affected other discounters.

Sources both inside and outside the company pointed to the discounters' small merchandising staff—and its lack of experience with stores in northern markets—as major handicaps in the chain's expansion efforts.

Pistner's realignment of the Jefferson/Ward staff is seen as an attempt to meet these problems.

20 Years

(Continued from page 3)

30.3% for the same period, or 134 million sq. ft.

Sales per square foot are up 16.7% over the last five years, while sales per store have increased 14%. (Total volume increase per store equals \$1 million since 1976.)

Gains industrywide between 1980 and the current fiscal year reflect tight planning by most chains—the net gain of new stores has been cut back 9% from 1980's construction levels.

Chains no longer counted—though stores for the most part have been absorbed by other discounters—include Ayr-Way, Barkers, Big K and Rink's; and The Treasury, which was closed this year.

Though general industry growth patterns for the 20-year period show healthy growth, one-time powerhouses of a decade ago (including Korvettes, Arlans, J. M. Fields, Interstate, S. Klein and Daylin) have disappeared.

Latest DSI Price Indexes Are Released

Category	Index (January 1941 = 100)			Per Cent Change to July 1981 From:	
	July 1981	January 1981	July 1980	January 1981	July 1980
Piece Goods	383.4	376.5	366.1	1.8	4.7
Domestics & Draperies	467.2	438.7	437.1	6.5	6.9
Women's/Children's Shoes	517.9	515.0	500.8	0.6	3.4
Men's/Boys' Shoes	652.3	633.0	616.7	3.0	5.8
Infants' Wear	444.7	420.7	408.5	5.7	8.9
Women's Underwear	357.7	345.1	334.1	3.7	7.1
Women's/Girls' Hose	210.6	204.7	201.8	2.9	4.4
Women's/Girls' Accessories	390.2	386.8	383.2	0.9	1.8
Women's/Girls' Outerwear	324.5	323.3	323.0	0.4	0.5
Men's Clothing	428.4	416.7	404.6	2.8	5.9
Men's Furnishings	414.9	405.0	389.1	2.4	6.6
Boys' Clothing/Furnishings	395.4	387.7	380.5	2.0	3.9
Jewelry	694.7	711.5	688.3	-2.4	0.9
Notions	423.3	407.1	406.0	4.5	4.8
Toilet Articles/Drugs	507.0	481.9	465.8	5.2	8.8
Furniture/Bedding	489.0	468.5	460.1	4.4	6.3
Floor Coverings	406.4	371.4	364.8	9.4	11.4
Housewares	688.8	647.0	620.2	6.5	11.1
Major Appliances	226.0	216.1	208.8	4.6	8.2
Radio/Television	118.2	117.5	115.8	0.6	2.1
SOFT GOODS	424.1	412.9	405.2	2.7	4.7
DURABLE GOODS	423.2	402.2	390.8	5.2	8.3
TOTAL	423.3	409.6	400.6	3.3	5.7

The July 1981 Department Store Inventory Price Indexes are given on a national basis for the store total, for 20 major groups of departments, and for combined soft and hard goods. Floor coverings, infants' wear, housewares and toiletries showed the greatest index gains in the half-year ended in July.

Glosser to Open Apparel Store

(Continued from page 1)

The corporation expects \$750,000 in sales from the new division in its first year.

Like its competitors in the industry, Glosser is looking to draw the more affluent, brand-conscious customer that hasn't traditionally shopped its discount stores. Like its competitors, the new retailer will offer the enticement, for new customers, of 20%-60% discounts on current branded goods.

The first Winners unit will be 5,000 sq. ft., housed in a former shoe store which is located adjacent to a 90,000-sq.-ft. Gee Bee, its discount arm. This unit will carry only misses and junior apparel. But, future Winners will vary in size from 5,000 to 10,000 sq. ft.; won't necessarily be located adjacent to Gee Bees, and, depending on unit size, may carry men's and children's apparel.

"We're not locked into any number of stores, locations or mix," said Glosser.

Winners will be operated as a separate division of the corporation, although all personnel involved with the new venture currently report directly to Glosser. A new staff will be added as the chain grows. Winners will also get a "separate" public image.

"This store has nothing to do with the others," said Glosser. Even with its close proximity to a Gee Bee, separate entrances will be maintained. Merchandise won't even be received in the same place.

A New York buying service has also been contracted with to supply Winners. The service, which was hired just for the Winners stores, carries such names as H.I.S., Levi's, Ship'n Shore, Evan-Picone and Halston, which will be stocked along with other name brand goods.

Glosser emphasized that the new division intends to carry only brand names and current goods.

Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

VOL. 20, NO. 20

Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.

\$2 a copy
OCTOBER 5, 1981

May Gives Venture Green Light For New Chicago-Area Expansion

ST. ANN, Mo.—After nearly choking on a large bite into the Chicago market in 1979 and calling a halt to expansion since that time, Venture is planning to grow once again.

The decision to increase store base—three new Ventures are to be built late next year or early in 1983—signals a re-

newed commitment by parent May Department Stores to aid Venture in its make-or-break market of Chicago.

Much of Venture's success undeniably hinges on the Chicago market and performance there over the next year or two. Greater Chicago stores represent 45% of Venture's volume, but sales per square foot (gross) there are \$98.23, a full \$14.57 below the \$112.80 Venture does in St. Louis. (The chain had planned for sales per square foot of \$92 to \$95 in Chicago back in 1975.)

"There is no question that they have to improve in Chicago," said Paine Webber analyst Stuart Robbins. "May Department Stores is a very strongly controlled, well-managed company looking for ROI. Unfortunately, all too often Venture has been a cash drain for them. And like anyone, the company only has a limited amount of patience."

Venture is scouting locations in suburban Chicago, including north of the city to the Wisconsin border, for new stores. Sources say May plans to build

(Continued on page 30)



"Our progress has been chain-wide this year, not just in Chicago. We have improved in every market."—Thomas Hays, president and CEO, Venture

Bilingual Ames Opens Near Canada, Shifts Adjacencies

By Frank Cavaliere

CHAMPLAIN, N.Y.—With a "Bienvenue à Québec" road sign almost visible from the storefront, Ames opened a 32,500-sq.-ft. unit here in the upper reaches of New York State.

The newest Ames store was built in the existing Champlain Shopping Center with a Grand Union supermarket as a co-anchor. Previous Ames units near the Canadian border are in nearby towns of Malone, N.Y., and St. Albans, Vt.

Company officials are hopeful that customers will arrive at their Champlain store from as

far north as St. Jean, Quebec, located 20 miles south of Montreal. In order to accommodate French-speaking patrons, tabs, circulars and run-of-press advertisements will be printed in French for the Champlain store, as was the case for the Malone and St. Albans units. Champlain store personnel will reportedly have at least a working grasp of the French language, according to company officials.

The new store is 11,000 sq. ft. less than the chain's next sized unit, forcing company mer-

(Continued on page 34)

Bullish K mart Reaffirms Strategies Despite Downturn in Gross Margin

NEW YORK—K mart met privately with a group of retail analysts here, to explain recent downward trends in the chain's gross margins.

Chairman Bernard Fauber, president Sam Leftwich and executive vice president of finance Robert Brewer painted a rosy picture of the chain, though no changes from its existing strategies were announced.

Fauber reviewed the chain's 1980's planning, including the decision to seek growth inter-

nally—that is, through existing stores—by intensification of key departments. Apparel departments will still be emphasized, using a mix of K mart labels and some brands, while fabric shops are closed and major appliances phased out partially in all stores (fully in the smallest K marts). Apparel, paint and the chain's "K Care" auto service program are targeted for the largest market share gains.

K mart will also continue to

(Continued on page 31)

Bottom Lines Drag Because Of 1980-81 Stagflation: NMRI

NEW YORK—The 1980-81 economic stagflation battered discount store chains, driving up expenses and lowering earnings.

Discounters tried to counter the depressed economy by buying volume through the use of increased advertising—a move that further weakened the bottom line by producing lower margins.

This is the picture of the discount store industry, according to the National Mass Retailing Institute's Operating Results of Self-Service Discount Department Stores, 1980-81. (The study, which was conducted by Cornell University for the NMRI, confirms DSN's analysis of the industry's performance in the 1980 mini-recession, as reported in the April 20 issue.)

The few positive results reported in the NMRI study in-

cluded small gains in average store sales and sales per square foot, and a big drop in stock shortages.

Thirty chains that operated 2,027 stores and had \$9 billion in sales participated in

the study. Their average store volume went up 2.4% from \$4,432,000 to \$4,537,000, while average sales per square foot of selling space of \$96.83 increased 8.3%.

(Continued on page 35)

After-tax Profits Droop

	Per Cent of Sales	
	1979-80	1980-81
Number of (Identical) Firms	28	28
Gross Margin	28.68	28.36
Leased Department Income	0.59	0.55
Gross Income	29.27	28.91
Total Expense	25.12	26.03
Net Operating Profit	4.15	2.88
Other Income or Deductions	- 0.25	- 0.43
Earnings Before Income Taxes	3.90	2.45
Federal & State Income Taxes	1.75	1.04
Net Earnings After Taxes	2.15	1.41

Sales and earnings as a per cent of sales were broken out for 28 identical discounters in annual NMRI study.

Displays in Showcases Mark Radically New Best

By Arthur Markowitz

MONTGOMERYVILLE, Pa.—Best Products has unveiled a radically new 67,000-sq.-ft. prototype here designed to boost showroom productivity by a number of techniques, including using locked glass showcases to display clipboard-ordered goods, and cutting the store's full-time staff by about 20%.

The cataloger first tested the innovative showcases—designed to lower labor costs and improve store security—by using them to display all merchandise in two experimental, scaled-down sales centers opened a year ago.

In the new full-size prototype, the cataloger limited use of these showcases to such merchandise as housewares/appli-

ances, silverware, giftware and consumer electronics. Traditional self-service mass displays continue to be used in sporting goods, toys and juvenile furniture, automotive and hardware.

(The cataloger has moved the sales center concept out of the lab and will use such 25,000-45,000-sq.-ft. showrooms as

(Continued on page 29)



Customer writes order while leaning against glass showcase that is hallmark of Best's new prototype showroom, unveiled in Montgomeryville, Pa. Note order desks between showcases. (DSN photo)

Gundlach (He's Been There) Urges Controls to Fight Inflation

Heinz Gundlach is a man with a mission.

Known best to retailers as vice chairman and chief executive officer of FedMart, Gundlach has a banking background and is now financial advisor to FedMart owner Hugo Mann, among others. He is first and foremost an investment banker—and it is in economics that he has found his mission.

Gundlach has bitter memories of post-World War II Germany, where he was born, and of the inflation and economic depression that engulfed that nation in the early 1940's. He also has second-hand knowledge, through his parents, of the economic woes that hit Germany after World War I. Gundlach sees a danger of the same kind of economic problems here, and has taken as his mission the role of an economic Paul Revere, warning of the dangers he sees ahead.

Gundlach is an ardent free-marketer, certainly not a monetarist and not a supply-sider either, when it means Government controls; but so clear is his vision of uncontrolled inflation that he is willing to suspend his distaste for Government controls. In fact, he calls for stringent new controls.

DSN's far-ranging interview with Gundlach covered the economy, retailing and FedMart—though the usually taciturn Gundlach turned completely silent on FedMart because his friend Hugo Mann has taken the chain private, and "doesn't have to release any of that information anymore."



"Strikes are not collective bargaining. They're collective blackmail. . . . For a given period of time, there must be controls. You cannot employ capitalistic tools in a socialist society, which is what the United States is fast becoming. Wages—and prices—have to be controlled for an indefinite time, and rolled back, and other controls must also be clamped on."

—Heinz Gundlach, former chief executive officer, FedMart.

DSN: Heinz, what is your reading of the economy?

GUNDLACH: We're in a recession now. The automobile industry, which (with all its suppliers) accounts for almost 50% of the gross national product, is in a deep recession and has been for quite some time. Statistics notwithstanding, tight money, cost-of-living adjustments and Social Security adjustments tied to the consumer price index—which overstates inflation—have ruined the economy.

DSN: Costs indexed to the CPI are a major factor in our rate of inflation. What can be done to

correct that problem?

GUNDLACH: In West Germany, for example, the Government purposely understates inflation, so as to avoid hurting the economy. It consistently reports 5%-6% inflation, although it has been much higher for many years, and that figure is sanctioned by a board of economists, to give the impression that it is real. They know what's at stake; Europeans have been coping with inflation for three generations. The United States has had serious inflation only since the mid-1970's.

DSN: What do you think caused the high inflation we're now ex-

periencing?

GUNDLACH: In spite of two wars—Korea and Viet Nam—that were financed through new Government debt (budget deficits), inflation in the United States stayed at 5% or less—considered high by United States standards. As a result, Social Security, Government payrolls, labor contracts, pensions, rents in commercial leases and other factors were for the first time indexed to the inflation rate (CPI). No one resented it then—the rate was low enough that no one got hurt. But now those indexed expenses have snowballed. Government deficit spending

has risen, profits have declined, and these indexings have become a vicious cycle.

DSN: What's the answer?

GUNDLACH: The monetarists think they have the answer; slow down the money supply. But they can only *slow* the rate of increases, not reverse the trend. I'm totally in favor of President Reagan's approach so far—except for the high interest rate strategy—but it's not enough. High interest rates alone will not work, because the world economy is not free from other influences. Big industry, which is unionized here and abroad, does not bargain with

its workers, but with national labor organizations that frequently have more resources than the respective corporations. Strikes are not collective bargaining, they're collective blackmail. The resulting cost increases are passed on to the consumer, feeding the inflationary spiral. Monetarism hurts the employer, not the unions, and unions will not lower actual wages unless the employer is close to bankruptcy.

DSN: That's a criticism of the status quo, but not an answer to the problem. What would Heinz Gundlach *do*, to correct the problem?

(Continued on page 16)

Discount Execs Get the Views on Capitol Hill



A day-long lobbying effort spearheaded by the National Mass Retailing Institute got discounters and lawmakers together (see editorial, p. 4). Top photo: Harold Plunk (right), executive vice president, and Tom Lewis (center), vp and secretary, both of T.G. & Y., met with the man from Oklahoma—first-time Sen. Don Nickles. Bottom: Early-morning prep session featured Sen. William V. Roth (R-Del.) at the podium; Rep. Barber B. Conable (R-N.Y.) is seated at right. David Godfrey (center), vp and general manager, Hart Stores, moderated.

(DSN photo)

4th Annual Financial Parley Of NMRI Due Nov. 18-20

NEW YORK—The National Mass Retailing Institute's fourth annual financial conference will be held in Miami Beach Nov. 18-20.

The program schedule comprises a mix of roundtable workshops and general sessions. Some of the topics to be covered and speakers are: "You Catch a Thief," a seminar on white-collar crime, presented by Frank W. Abagnale; "Economic Forecast for the Mass Merchant," Stuart M. Robbins of Paine, Webber, Mitchell, Hutchins, speaker; "Strategic Planning for the Financial Executive," Dale Feet, speaker, and "Personal Tax Planning," by Carl L. Glassberg and Martha L. Jay of Peat, Warwick, Mitchell.

Figures Analyzed

Workshops will discuss internal auditing, inventory shortage control, personal tax planning and EDP resource management.

The opening banquet will feature Richard P. Wilson, manager of organizational development, Arthur Young & Company.

For further information contact Carol Atkin at 212-354-6600.

In This Issue...

UNLOADING? Following disappointing sales of guns so far this year, several buyers say they may drop the category. (P. 11)

AUTONOMY LIVES. Danners credits decentralized reordering as a factor in its dramatic profit turnaround. (P. 3)

PICKY, PICKY. Discounters are being more selective than catalogers when it comes to adding new, higher-priced electric housewares. (P. 3)

Departments

ADSCAN	8
At the Source	20, 22
Catalog Showroom News	14-15
Classified	32-34
Editorial	4
Executive Changes	25
Washington Beat	4

DISCOUNT STORE NEWS

(ISSN 0012-3587), is published biweekly—every other Monday, monthly in December—by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscription rates: *Retailers and wholesalers*—one year, \$7.50; two years, \$14. *Canada*: one year, \$8.50; two years, \$16. *Manufacturers, schools, libraries and all others*—one year, \$14, *Canada*: one year, \$15. *Foreign subscriptions*: Airmail only, \$100 per year. Single copy rate, \$2, except annual census issue, \$20.

Second-class circulation postage paid at New York, N.Y., and additional mailing offices.

Copyright © 1981 by Lebhar-Friedman Inc. All rights reserved. Postmaster: please send address changes to Subscription Department, *Discount Store News*, 99 Park Ave., New York, N.Y. 10016. For change of address six weeks notice is requested. Give old and new address and zip code. If possible, enclose address portion from cover of previous issue.

Vol. 20, No. 20 Oct. 5, 1981

Economy Lags, Chains' Bottom Lines Drag: NMRI

(Continued from page 1)

Stock shortages (at retail) as a per cent of sales plunged 32.5%, from 2.09% to 1.41%.

The NMRI also broke out separate figures for 28 chains that had been participating in the study for a number of years.

These 28 chains had \$7.9 billion in sales from 1,852 units. Their average store volume went up 6.9%, from \$4,253,000 to \$4,545,000, while the average sales per square foot jumped 9.2% from \$96.23 to \$105.08.

These 28 identical firms are considered a benchmark which "due to their consecutive reporting of financial data, present an accurate reflection of year-to-year changes in the financial and operational state of the industry," the Cornell compilers of the study said in the foreword.

A look at the combined dollar averages as a per cent of sales for these identical discounters points up the industry's difficulties in the 1980-81 period.

The bottom-line results showed major declines, with gross income off 1.2% from 29.27% to 28.91%. Higher expenses magnified this drop so that the net operating profit was down a whopping 30.6% from 4.15% to 2.88%.

Pretax income declined 37.2% from 3.9% to 2.45% and while Federal and state income taxes dropped 40.6% from 1.75% to 1.04%, the net earnings were still off a big 34.4% from 2.15% to 1.41%.

Key to the difficulties was a 3.6% jump in total expenses, which went from 25.12% to 26.03%.

Expenses increased as discounters spent more money on payroll and advertising, had higher utility costs and paid more for services, maintenance and repair.

Advertising costs rose 2.39%

from 2.51% to 2.57%, fueled by higher media rates and discounters' increased promotional activities to buy volume in the face of weak demand. If the increase in store volume is any indication, then this effort paid off.

Payroll and advertising expenses are costs that discounters can control to a large degree, and the increases were much less than boosts incurred from less directly controllable costs.

Utilities, for example, jumped 12.4% from 1.05% to 1.18%, while purchased services such as cleaning leaped 14.9% from 0.67% to 0.77%. The cost of both of these expenses is determined, to a large degree, by the providers of the services, so that discounters have much less flexibility in controlling these costs without, at the same time, cutting into the basic environment—and attractiveness—of their stores.

The importance of maintaining and updating stores to retain their appeal to customers was evident in the increased funds that discounters spent on repair and maintenance. This expense increased 6.9%, from 0.58% to 0.62%.

The key area where discounters were able to cut costs was in rentals, where recycling of closed stores helped to reduce

this expense by 4.7%, from 2.53% down to 2.41%.

A smaller number of identical firms—25—reported on assets, liabilities and net worth, and these statistics also pointed up the difficult period discounters had in 1980-81.

Net worth, for example, plunged 9.4% from 35.71% down to 32.36%, and total liabilities went up 5.2% from 64.29% to 67.64%. Current assets dropped 3.6% from 65.08% to 62.76%. The key positive statistic was the 3.96% drop in net inventory as a percentage of total assets: from 53.42% to 51.30%. This took place as sales went up, so that discounters were more productive in their use of inventory dollars.

The increase in liabilities included a 12.4% boost in total current liabilities from 33.03% to 37.12%, sparked by a 394% jump in notes payable from 1.68% to 8.3%. Discounters slowed down their payment to vendors due to the mini-recession as part of their overall efforts to hold down costs.

At the same time, the identical chains reduced their use of long-term debt and this balance sheet component dropped 2.4% from 31.26% down to 30.51%, thereby helping to hold down the overall increase in total liabilities.

Expenses Up as % of Sales

	Per Cent of Sales	
	1979-80	1980-81
Number of (Identical) Firms	28	28
Total Payroll	12.51	12.69
Supplies	0.78	0.77
Communications	0.31	0.33
Travel	0.25	0.25
Services Purchased	0.67	0.77
Advertising	2.51	2.57
Taxes and Licenses	1.25	1.28
Utilities	1.05	1.18
Insurance	0.71	0.71
Property Rentals	2.53	2.41
Equipment Rentals	0.55	0.48
Depreciation and Amortization	0.74	0.85
Repair and Maintenance	0.58	0.62
Donations	0.02	0.02
Professional Services	0.13	0.13
Unclassified	1.16	1.35
Credits and Allowances	- 0.63	- 0.37
TOTAL EXPENSE	25.12	26.03

NMRI study of identical chains over two consecutive years analyzes 17 expense factors as a per cent of sales.

King's Will Abandon Delaware, Florida

(Continued from page 3)

store locations are leased, not owned by King's.

Expiration dates on King's leases vary, some with only a few months to run and others good for another 15 years. Kwasnick said no agreements had been reached to date on the disposal of the sites, though negotiations were under way. He would not say who the chain was talking to.

Kwasnick said the cash generated from store closings "will help our bottom line, because it will moderate our dependence on bank financing. Next year should be a good, up year for us. This is a positive move."

KDT Industries reported a net loss of \$4.5 million for the first six months of the current fiscal year. A year earlier (prior to the Barkers/Franklin stores purchase) King's reported a net loss of \$2.1 million for the first six months of the year ended Jan. 31, 1981.

The latest six-month loss came on sales of \$387.6 million, a 55.4% increase from sales the year before in that period, which were \$249.5 million. However, sales this year includes the Barkers units, which were not included for the first half of King's last fiscal year.

In pro-forma results, which state operating results as if Cornwall Equities (Barkers' parent) had been acquired at the beginning of King's last fiscal year, sales increases totaled only 5.4%. However, the bottom line showed significant improvement. Losses for the first half of the current fiscal year hold at \$4.5 million, compared to losses of \$10.3 million if Cornwall Equities is included.

Kwasnick cited the \$5.8 million improvement in pro-forma operating results and said he was pleased with the six-month figures. Critics point out that

the financial pressure on King's has come about since the acquisition. Net income for the years ended January 1978 and 1979 and February 1980 exceeded \$15 million, while last year's net income was \$3.9 million at the historically profitable chain.

Kwasnick said the changes in market base will aid the chain's future profitability. He admitted that the acquisition of Barkers had strained distribution support facilities at King's, but said that after the closings, "we will be given increased efficiency in distribution due to the smaller size of the chain."

Other changes at King's included the naming of a senior vp of operations for the chain, Leonard Oppenheimer. He came to King's from Howard Brothers, where he was senior vp of marketing and merchandise development.

Vornado Fingers Closings For Loss

GARFIELD, N.J.—Vornado, operator of Two Guys, credits expenses involved in closing seven supermarkets and three stores for the bulk of a whopping \$10.3 million loss in the second quarter of this fiscal year.

New Two Guys president Lawrence Schaen, who was not involved with the chain for the first two quarters of this fiscal year, said: "Most of the loss stems from a combination of factors, the bulk of which were expenses related to store closings."

Stores in Reading, Milford and Springfield, Mass., were recently disposed of, while seven supermarkets were closed at midyear: five in New Jersey and two in Pennsylvania. Two months prior to closing the seven supermarkets, Two Guys had shuttered four supermarkets. The chain no longer operates any food stores.

Schaen said more store closings were possible, though not planned at present. "We are in a process of evaluating store performance," he said. "When we finish the evaluation, we'll know what to do."

For the second quarter of this fiscal year, the \$10.3 million loss came on sales of \$131.3 million. Sales were 12.8% below second-quarter sales of \$150.6 million last year. Losses of \$1.1 million were recorded in last year's second quarter.

Over the first half of the fiscal year, the loss at Vornado totaled \$17.9 million, compared to the loss of \$4.9 million in the first half of last year. Sales for the first half were \$253.2 million, a 7.9% drop from the year-before's \$274.9 million.

K mart Firms Up Mexican Toehold

TROY, Mich.—K mart and the Gentor Group of Monterrey, Mexico, have finalized the \$50 million agreement which gives K mart control of 44% of Gentor's Astra group.

The move gives the United States retail giant its first toehold in south-of-the-border markets. Under the agreement, K mart will train Astra management and provide buying power for the 17 Astra units, which will be converted into discount stores.

Aug. Sales Down 1.4% at Woolworth

NEW YORK—Sales at Woolworth were down 1.4% for August, from \$451,477,000 in 1980, to \$534,059,000 this year. During this period, domestic sales increased 4% while foreign sales expressed in United States dollars decreased 11.9%.

PROFIT by attending . . .

The 31st Transworld Housewares And Variety Exhibit

January 15-20, 1982

**O'Hare Exposition Center
(near Chicago O'Hare Airport)**

The big buyers will be there!

The Biggest Order Writing Shows In America

Because . . .

Buyers know they find the new, hot, promotional profit-makers at the Transworld Shows. They have been coming and buying at the Transworld Shows for several decades.

January is the decision time.

For space information and advance registration—contact:

Transworld Exhibits Inc.

1850 Oak Street, Northfield, IL 60093 PHONE: 312/446-8434